Daily Report

Latin America

FBIS-LAT-88-170
Thursday
1 September 1988

Daily Report
Latin America

FBIS-LAT-88-170 1 September 1988

CONTENTS

CARIBBEAN

Cuba

Commentary Labels U.S. Panama Policy 'Failure' 1
Workers Response To Port Plan Not Effective 1
Plan Completion Falls Short 2

Barbados

Sandiford Warns Dissidents on Criticizing Party 2

Dominica

Unionist Joins Senate as DLP Representative 2

Haiti

OAS Team Begins Human Rights Investigation 3
Speaks With Officials 3
Appeals Court Orders Release of PDCH Member 3
MUR Leader's Relative Acquitted of Arms Charges 3
Former Political Prisoners Group Facing Problems 4
New Director Assigned to Customs in Miragoane 4

Jamaica

Agreement Reached With Alcan on Tax Levies 4
Opposition Seeks Halt to Pre-Election Violence 5

St Vincent and the Grenadines

Ruling Party To Hold Anaual Convention 4 Sep 5

MEXICO

Chamber Electoral College Ends Session 6
PRI Urges Parties To Help Preserve Democracy *[EL DIA 29 Aug]* 6
Salinas Not To Attend President's Report 6
Salinas on Modernization of Energy Industry *[EL DIA 27 Aug]* 7
Belizean Foreign Minister Meets With Sepulveda 7
Briefs 7
'Slow Growth' in Money Supply 7

CENTRAL AMERICA

Costa Rica

Central Bank Chief Comments on Foreign Debt *[PRENSA LIBRE 22 Aug]* 9

El Salvador

D'Aubuisson Denounces U.S. 'Yellow Journalism' *[LA PRENSA GRAFICA 30 Aug]* 9
ARENA Studying Legal Action 9

Col Vargas Says Armed Forces Winning Struggle 10

Guatemala

Cerezo on Possible Dialogue With Rebels *[ACAN]* 10
Communique on Dialogue *[PRENSA LIBRE 30 Aug]* 11
Chamber Blames Crisis on Finance Ministry *[PRENSA LIBRE 29 Aug]* 11

Honduras

Azcona Interview on Politics, Economy, Contras 11

Nicaragua

Ortega Addresses Women's Meeting 31 Aug 12
Briefs 14
Soviet Rice Donation 14

Panama

Students Protest; Workers Demand Paychecks 14
SOUTHCOM Paper Cited on Harassment Claims *[LA REPUBLICA 30 Aug]* 14
U.S. Generals Opposing 'Aggression' Praised 15
Further on Escape of Antiregime Officer 15
U.K. Parliamentarians Visit Electoral Tribunal *[LA ESTRELLA DE PANAMA 30 Aug]* 16
Radio Reports Libyan 'Trial' of Reagan 16

SOUTH AMERICA

Argentina

Presidents Alfonsin, Sarney To Meet in November 17
Authority Crisis Causes Retirement, Dismissal 17

Brazil

Argentina's Caputo Reaches Trade Agreement *[FOLHA DE SAO PAULO 31 Aug]* 17
Nuclear Policy Changed; Nuclebras Closed Down 18
Sarney To Depart for Soviet Union 14 Oct 18
Runoffs for President, Other Offices Approved *[O GLOBO 31 Aug]* 18
Monetary Council Banking, Agriculture Actions 18
August Inflation Statistics Reported 19
Measures To Control Mineral Ore Smuggling 19

Chile

Merino Announces Plebiscite Candidate 19
Cardinal Fresno Issues Statement on Candidate 20
Exiled PCCh Member Says Nomination 'Insult' *[EFE]* 21
Opposition Calls for Peaceful Transition 21
Government Issues Declaration on Incidents 22
Police Official Comments 22
Death Toll Reported 23
847 'Criminals' Arrested 23
Incidents Reported in Valdivia, 30 Arrested *[EFE]* 23
Demonstrations, Bombings in 4th Region 23
Labor Leaders Internal Exile Confirmed *[EFE]* 23
PCCh on Banishment *[EL MERCURIO 20 Aug]* 24
National Party Convention Said Invalid *[EFE]* 24
Bombs Explode at Council Chief's Home 24
MIR Claims Responsibility for Robbery *[EL MERCURIO 23 Aug]* 25

Colombia

Air Force Plane Crashes; Servicemen Killed 25
Four Judges Resign; Others Removed From Posts 25

Ecuador

'National Economic Emergency Plan' Announced 25
MPL Briefly Kidnaps Four Media Employees *[AFP]* 28

Paraguay

Stroessner Reportedly Undergoes Prostate Surgery *[DYN]* 28

Uruguay

Government Denies Ferry to Falklands Requested 28

Cuba

Commentary Labels U.S. Panama Policy 'Failure'

PA0109034988 Havana International Service in Spanish 2300 GMT 31 Aug 88

["Our America" commentary read by Manolo Ortega]

[Text] The supposed harassment that American personnel based in Panana have been subjected to is the latest charge in the continuing White House campaign against that Central American country. Using the excuse of alleged involvement in international drug trafficking by General Manuel Antonio Noriega, commander of the Panama Defense Forces, Washington has destabilized Panama. First, it encouraged strikes and other right-wing opposition actions, and followed this by encouraging military coups. The United States also encouraged a widespread international campaign using a rigged trial against Noriega, who they try to portray as a drug lord.

All of these actions have met with failure and only the steps taken to economically encircle Panama have produced the desired results for the White House, due to Panama's traditional foreign financial dependence. It is within this context that military actions have also been taken, because more U.S. arms and soldiers have been sent to the canal area, including B-52 bombers, according to Panamanian press reports.

The latest aspect of this attack is, as we said, the supposed harassment of the foreign personnel in the canal area. The idea is to create the right atmosphere for U.S. domestic consumption: a climate of uncertainty over the fate of their fellow citizens in Panama. This would justify military action, which the United States would then describe as a reprisal. The truth is far removed from this disinformation. The ever increasing number of U.S. personnel enjoy the parks, streets, and beaches without being bothered. Panamanian officials have pointed out that the thousands of Americans residing in Panama have never been mistreated, despite the fact some of them have broken Panamanian laws. The facts prove this, because in Panama there has been no intimidation of U.S. nationals or businesses, despite the tension between the two countries.

Looked at from another angle, Panamanians do have proof of U.S. transgressions by troops based in the canal area. The latest irregularities were reported by [Lieutenant Colonel] Aquilino Sieiro, chairman of the Combined Board. He said U.S. combat helicopters carried out military maneuvers last weekend near the Omar Torrijos International Airport, violating local airspace.

The rapid denials of the latest U.S. campaign to justify the increase in aggression against Panama removes any trace of credibility from the worn-out White House strategy of appearing always ready to aid its overseas personnel who have not been bothered.

Workers Response To Port Plan Not Effective

FL3008143888 Havana Tele-Rebelde Network in Spanish 1100 GMT 30 Aug 88

[Text] The response of transportation workers from state organizations and warehouse workers of the internal economy to the country's emergency port plan, which has been in effect for 5 days, has not been truly effective in moving merchandise.

In view of the offensive that has been decreed, a news team from the National Television Newscast visited the Sierra Maestra Unit No 2 in Havana port and found that in contrast to the serious efforts of the workers at the three piers, the rates of unloading and transporting merchandise have been low because of the lack of an effective response from the organizations responsible for keeping this network moving. This has become a serious limitation. In addition, the (?lack of punctuality) on the part of some warehouses of the internal economy has also prevented the realization of more trips and thus the best use of the equipment has not been made.

[Begin recording] [Unidentified reporter] Comrade, how has the emergency port plan progressed here at the Sierra Maestra Unit No 2 in Havana port?

[First unidentified speaker] The emergency port plan really doesn't begin here until today. We have made plans for transportation support from the Minaz [Sugar Ministry] for 40 (?trucks). This should begin today.

There has been a slight inconvenience because some transportation comrades are assigned to different provinces and they have not been to get them all together. However, tomorrow we will begin to work with that support.

[Reporter] Comrade, what has been the response of the transportation workers to the port emergency plan here in Unit No 2?

[Second unidentified speaker] The response given by transportation workers to this port emergency, which was declared 5 days ago, has not been very efficient. We should have received transportation support today from the Minaz to move a predetermined amount of merchandise in this area. We did not receive the Minaz vehicles that should have begun carrying merchandise.

Even though our Transportation Ministry enterprise is confronting problems which everyone is aware of—lack of batteries, tires, spare parts—our trucks are not being efficiently used by the economic sector. The trucks only make one trip a day and many times they only make half a trip.

If they give us the trucks, we can move the merchandise. That's the port workers' goal.

[Reporter] Do you think that there has been an effective response by internal economy and transportation organizations to the efforts made by the port workers?

[Third unidentified speaker] I haven't seen a total response. There is a problem with transportation and with internal economy. There are some cases where trucks remain loaded from one day to the next and, thus, the trucks are not rotated.

We have also had cases here involving (?loading) trucks. For example, on Sunday morning we only loaded one truck. Only one truck came here today.

A commitment has been made that is not being fulfilled. [end recording]

To fulfill this commitment, we must stress that each person should have a clear understanding of his responsibility in this process, which cannot come to a standstill. The progress of the economy depends on everyone.

Plan Completion Falls Short

FL3008185788 Havana Tele-Rebelde Network in Spanish 1700 GMT 30 Aug 88

[Text] Completion of the emergency port plan for unloading and transporting merchandise to the internal economy fell short yesterday by almost 8,000 tons. Even though port-transport-receiving has been given systematic attention during the past few days, the national transportation average did not exceed 21,000 tons yesterday.

The emergency support plan has not been fulfilled in its totality by the Mitrans [Transportation Ministry], trucks from different organizations, or warehouses that belong to the internal economy sector.

It is appropriate to point out that the volume of unloading and transporting, although not the amount that was expected, does greatly exceed last week's volume. This has allowed the gradual decrease of inventories at port storage areas and warehouses.

The emergency plan envisions the unloading and transporting of 29,000 tons of merchandise daily and more than 700,000 tons within the next 30 days. Close to 90 percent of this volume is located at the country's six ports, the principal ports. Only the port of Mariel met its goals yesterday.

Havana, for example, whose plan represents more than 50 percent of the national unloading and transporting goal, today has moved more than 96,000 tons of merchandise but has not yet fulfilled its daily goals. Mitrans trucks and support vehicles in the capital have not met their goals while the merchandise designated for the internal economy exceeds 220,000 tons. The rotation yesterday of the Mitrans trucks averaged about 1 trip per vehicle. Progress cannot be made with such inefficiency.

With the exception of the CEATM [State Committee for Technical and Material Supply], the Minfar [FAR Ministry], Minint [Interior Ministry], and the people's government, all the support in the capital has been below the established norm.

Food wholesalers, whose effort was weak, should be added to the list of those who did not fulfill their goals. The wholesalers did not receive all the peas and rice that was expected and they excessively delayed transportation.

Barbados

Sandiford Warns Dissidents on Criticizing Party

FL3008124988 Bonaire Trans World Radio in English 1130 GMT 30 Aug 88

[Text] Barbadian Prime Minister Erskine Sandiford has warned dissidents in his ruling party that he is running out of patience with their criticism. The warning came over the weekend at a party convention. The annual general conference of the Democratic Labor Party this time comes mid-way through the party's 5-year term in office.

Prime Minister Sandiford suggested that those who did not know how to conduct their business within the party will have to conduct their business outside the DLP [Democratic Labor Party].

Dominica

Unionist Joins Senate as DLP Representative

FL3108213088 Bridgetown CANA in English 1718 GMT 30 Aug 88

[Text] Roseau, Dominica, Aug 30, CANA—Trade unionist Josephine Dublin has joined the Senate, representing the opposition Dominica Labour Party (DLP).

[Words indistinct] seat Monday, replacing Yvette Barzey [words indistinct] civil servant who unsuccessfully contested the Roseau central constituency seat against Prime Minister Eugenia Charles in the last general elections.

Labour Party leader Michael Douglas told newsmen that Mrs Barzey was replaced at a time when there was a major effort to ensure that the women's organization is fully functional in this almost pre-election period."

"The work of the Labour women's organisation is extremely important for the Labour Party position, because the prime minister is a woman, the speaker (of the House of Assembly) is a woman and a lot of women have the tendency of voting for the Freedom Party because the prime minister is a woman," Douglas said. "Therefore the work of the Labour women's organisation is to ensure that Dominican women understand that the prime minister represents a class of women as distinct from the kind of women of the Labour Party...and this is what Ms Dublin has come to do."

Haiti

OAS Team Begins Human Rights Investigation

FL3008122488 Bonaire Trans World Radio in English 1130 GMT 30 Aug 88

[Text] Investigators from the OAS have begun an investigation into alleged human rights abuses in Haiti. The five-member team met yesterday with the ministers of defense and interior, foreign affairs, and justice but got no information on the alleged violations.

A spokesman for the team says the officials told them they were still investigating the killings of a human rights lawyer and four young rural activists in the last 2 months.

Speaks With Officials

FL3108182688 Port-au-Prince Radio Nationale in Creole 1300 GMT 31 Aug 88

[Excerpts] Mrs Mireille Zamor Pluviose, the representative of the Department of the Public Prosecutor to the civil tribunal of Port-au-Prince, was visited yesterday morning by the inter-American human rights commission that arrived in Haiti last 28 August. We interviewed Mrs Pluviose and asked her questions about the purpose of the visit.

Mrs Pluviose told us that yesterday morning's meeting revolved around two basic points: the work they are doing at the office of the Public Prosecutor, and the conditions under which people were kept in prisons. Mrs Pluviose added that according to new orders from the Ministry of Justice, people in the capital can be imprisoned only at the national penitentiary. As for Fort Dimanche, prisoners are no longer kept there, she added. She also stated that the Justice Department was now working for the well-being of the population.

Mrs Pluviose said that regardless of what a person had done to be imprisoned, the person should be treated like a human being—that the person in the hands of the Justice Department should feel secure. [passage omitted]

The commission will receive people with complaints today, 31 August, from 0900 to 1300 and from 1500 to 1800 at the Hotel Villa Creole.

The commission thanks the Haitian Government for having authorized it to visit Haiti, and for giving it assurances that there will be no reprisals against individuals or groups that might wish to give the commission testimony.

Appeals Court Orders Release of PDCH Member

FL3008230488 Port-au-Prince Radio Metropole in French 1600 GMT 30 Aug 88

[Excerpt] The latest episode in the Beauchard case: The court today acquitted Jocelyn Beauchard, a member of the PDCH [Haitian Christian Democratic Party] who had been under arrest since last March. The court ordered that he be released immediately. Our reporter Marcus was there.

[Marcus] Thank you, Ketly. The court of appeals of the civil tribunal of Port-au-Prince has just handed down its verdict in the case of Jocelyn Beauchard, charged with illegal possession of weapons. Citing lack of proof and calling the arrest of Beauchard, who was in charge of security for the PDCH, illegal and arbitrary, the court has ordered that Beauchard be released immediately.

Jocelyn Beauchard will thus have spent almost 5 months and 8 days in prison. Here are statements by his lawyer, Mr (Osner Fevry). Good day, Mr (Fevry).

[(Fevry)] Good afternoon, friend. Listen, I must say that this is a new triumph of the rule of law over arbitrariness and also over the institutionalized mediocrity of the system, in the sense that courageous men.... [changes thought] For the second time the court of appeals of Port-au-Prince has handed down a ruling that is as strict as the first one, that of 15 June, in which the court of appeals recognizes that Beauchard's arrest was illegal and arbitrary and that his detention was equally illegal, and orders him released immediately. Thus, indeed, just as you said, Marcus, Beauchard will have spent 5 months and some 8 days in jail. In a few minutes we will be at the doors of the national penitentiary to definitively secure his release, in accordance with the terms of the court's decision. [passage omitted]

MUR Leader's Relative Acquitted of Arms Charges

FL3108212988 Port-au-Prince Radio Metropole in French 1600 GMT 31 Aug 88

[Excerpts] The court of summary jurisdiction this morning handed down a verdict of acquittal in the case of Camille Musac. We remind listeners that Camille Musac was released temporarily last week because of his poor health. Musac was acquitted today. We will hear from Marcus Plaisimond.

[Plaisimond] There has just been an outcome in the case of notary Camille Musac, accused of illegal possession of firearms and explosives, at the division of summary jurisdiction of the civil tribunal of Port-au-Prince. Musac, who is 60 years old and a notary by profession, was arrested in the morning of 1 April at Impasse (Mirambeau) in the Canape Vert section [of Port-au-Prince], in the house where Luc B. Innocent, leader of the MUR [Revolutionary Unity Movement], resided.

Innocent is a relative of Musac's wife. Camille Musac, who has been imprisoned at the national penitentiary ever since, was temporarily released on (?22 August) 1988 for reasons of health.

A first order from the doyen of the civil tribunal of Port-au-Prince dated 11 April asking that he be released had not been applied. [Words indistinct] the civilian tribunal of Port-au-Prince made a decision—there were no grounds for holding Mr Musac, particularly since a letter found on the premises where he was arrested prove that the weapons found at his house were destined for Luc B. Innocent, with whom he had nothing to do. [passage omitted including indistinct portions]

Lucien Alexandre and (Jacques Ondron Obas), a chauffeur and a MUR sympathizer, respectively, were also released. They stood accused of swindling Mrs (Robert Stecher).

On the other hand, (Luc Cesaire), also accused, was sentenced to 3 years' imprisonment for swindling Mrs (Robert Stecher).

Thus, after 4 months and (?20) days of detention, notary Musac has regained his freedom.

This is Mobile Unit 19 for Radio Metropole, live from the Law Courts in Port-au-Prince. [passage omitted]

Former Political Prisoners Group Facing Problems

FL3008205688 Port-au-Prince Radio Nationale in Creole 1300 GMT 30 Aug 88

[Text] The executive committee of the League of Former Haitian Political Prisoners [LAPPH] wishes to inform the public sector of the difficulties it has been encountering for the past month. The League explains that because of the poor service rendered by Teleco [Telecommunications d'Haiti, the national telephone company], they are having trouble communicating by phone with places in Haiti and abroad.

The LAAPH's note states that this is a very serious problem for the League, especially at the current juncture. Despite the fact that they have complained to Teleco and brought the problem to its attention, nothing has ever been done about it. Thus, the League takes this opportunity to address another appeal for help to the pertinent services.

The note is signed by Gerard Toussaint for the LAAPH.

New Director Assigned to Customs in Miragoane

FL3108184988 Port-au-Prince Radio Nationale in Creole 1300 GMT 26 Aug 88

[Report from Miragoane correspondent Yves-Marie Jasmin]

[Excerpt] Miragoane customs has had a new director, Mr (Jean-Robert Prophete), since Friday, [date indistinct] August. Because the former director, Mr Anthony Etienne, was unable to reach an understanding with the new director so that customs work could continue properly, a Port-au-Prince customs delegation headed by Administrative Director Michel Francois arrived at customs in Miragoane at around 1230 on Thursday, 25 August, and worked for more than 4 hours.

As there was a lot of work to do, the justice of the peace present was obliged to affix the seals on the customs-house safe.

Just when everyone was about to leave, former Director Anthony Etienne informed them that he had money in a file cabinet outside his office, which was supposed to contain only documents. When the delegation looked inside the file cabinet, they found a lot of money. Justice of the Peace Ernst Dominique had to affix the seals on that file cabinet, too. The delegation then went to the Haitian Armed Forces barracks and got two soldiers to come guard that large amount of money.

There was talk of it being some $50,000, so many people are wondering if this money really belongs to the government. [passage omitted]

Jamaica

Agreement Reached With Alcan on Tax Levies

FL3008203488 Bridgetown CANA in English 2037 GMT 30 Aug 88

[Excerpt] Kingston, Jamaica, Aug 29, CANA—Jamaica and the Aluminium Company of Canada (Alcan) have reached agreement on a new tax arrangement that should provide the company with an incentive to go for full production at its two alumina refineries here. Prime Minister, Edward Seaga, said the agreement calls for a lowering of the basic bauxite production levy, and the introduction of regular income tax on the company's profits. However, in computing income tax the levy payments will be factored in as "part of normal production costs", Seaga said.

Jamaica's company tax is 33 ⅓ per cent. "The scheme is almost identical to the government agreement with Alcoa earlier," the president of Alcan Jamaica company, Dr Keith Panton, confirmed Monday. The agreement with Alcoa (Aluminium Company of America), in whose 800,000 tonne refinery the government acquired a 50 per cent share, halved the basic payment to three percent of the average price the major companies realise for primary aluminium ingot, industry sources said. [sentence as received]

The scheme applies if companies reach full production. Alcan is unlikely to reach full production at its 1.1 million tonne capacity plants, in which the Jamaica Government own four percent, before 1990. But the new arrangement will take effect next January, officials said.

"Alcan is being given special consideration because they are already taking steps to go towards full production," according to a government bauxite official. Alcan is now producing at between 79-79 [as received] per cent of capacity, Panton said. "We expect by the third quarter of next year to be producing 950,000 tonnes of alumina," he added. It will then push towards full production. "We have made a statement of commitment which we intend to keep," Panton said.

Much of Alcan's focus for the increased production will be at its Ewarton works in the Parish of St Catherine, just west of Kingston. There, an idle digester unit is to be taken out of mothballs and Alcan has already begun to clear another 40 acres of land to expand its more than 500 acre site used for stacking and drying of red mud, the effluent left when bauxite is refined to alumina. Alcan is spending initially about US10 million dollars to ready itself for the increased production, officials said.

The expansion of the red mud drying site will allow capacity for storing waste when production reaches 950,000 tonnes, Panton explained. "Reaching full production will be part of having an environmentally acceptable capacity to store the waste," he said. "At this stage we have some ideas that would utilise the mud stacking system."

Alcan developed the mud stacking technology locally, but prior to this effluent from alumina production was stored in massive man-made ponds. The one serving the Ewarton works is almost full, and further there have been complaints from environmentalists that it has seeped into underground acquifers.

The Alcan move to increase production culminates a long period of negotiation with the government and reflects a level of concession by Jamaica after years of agitation by the bauxite/alumina companies operating here. [passage omitted]

Opposition Seeks Halt to Pre-Election Violence

FL3008123388 Bonaire Trans World Radio in English 1130 GMT 30 Aug 88

[Text] Officials of Jamaica's opposition People's National Party have started on an island-wide tour aimed at halting pre-election violence.

Opposition leader Michael Manley and other officials traveled through eastern Jamaica yesterday as part of a strategy to combat the violence. The strategy also calls for Prime Minister Edward Seaga to make a similar trip and he is expected to begin traveling today.

St Vincent and the Grenadines

Ruling Party To Hold Annual Convention 4 Sep

FL3108211488 Bridgetown CANA in English 1906 GMT 30 Aug 88

[Text] Kingstown, St Vincent, Aug 30, CANA—St Vincent's ruling New Democratic Party (NDP) has announced that it will hold its annual convention on Sunday [4 September].

The meeting coincides with the convention of the opposition Labour Party, the other major political party here. In a statement, the NDP said that Prime Minister James Mitchell will deliver the feature address "for election year." Also scheduled to address the convention is this country's ambassador to the United Nations, Johnathan Peters, who is reported to be contesting the next general elections - constitutionally due within a year - on an NDP ticket.

The Labour Party had earlier announced that its pre-election convention would be held at the Jaycees Headquarters in Kingstown.

Leader of the opposition in Barbados, Henry Forde Q.C., is scheduled to deliver the feature address at the Labour convention while leader of the opposition St Kitts-Nevis Labour Party, Lee Moore, is also down to attend.

The NDP has said that it will hold the open session of its convention on Sunday just two miles away from the Labour Party's.

Chairman of the Labour Party convention committee, Rupert Bascombe, described Sunday's meeting as "very important since it precedes a general election. "We wish to assure Vincentians that the Labour Party is a satisfactory alternative," Bascombe said.

Sources at the NDP headquarters said that the rescheduling of its convention to this Sunday was not done deliberately to coincide with Labour's. The NDP convention was originally carded for August 21, but the prime minister went to Zambia on a state visit.

Chamber Electoral College Ends Session

PA3108151188 Mexico City XEW Television Network in Spanish 1316 GMT 31 Aug 88

[Report by Danila Antuna]

[Text] The Chamber of Deputies' Electoral College completed its certifications today at 0620, and the majority of the assembly approved a single document concerning 200 plurinominal deputy seats.

The Electoral College's Third Commission was in charge of certifying and distributing the plurinominal seats won by each party according to the percentage of votes obtained in each one of the five plurinominal representational districts into which the country is divided. The PRI won 27 seats, the PAN [National Action Party] 63, and the parties in the FDN [National Democratic Front] 110.

The session to announce the plurinominal results, which was scheduled to begin at 1900 yesterday, began at 0100 today. At the session, electoral results for uninominal seats were corrected, as Darvin Gonzalez changed party affiliation from the PRI to the FDN after he was declared deputy-elect for Tabasco's second district.

The final results for 300 deputies elected by direct vote were confirmed as follows: PRI, 233; PAN, 38; and FDN, 29.

The single certification for plurinominal results was read afterward. The certification was approved after a 3-hour debate. Several opposition parties, mainly the PPS [Popular Socialist Party], challenged the results, claiming that the PPS had been deprived of one plurinominal seat.

With the final results announced a few moments ago, the Chamber of Deputies' 54th legislature will be configured as follows: Of the 500 members, the PRI will have 260 representatives, the PAN 101, and FDN parties 139.

At 0630, the president of the Electoral College declared a recess until 1200 today, when the Chamber of Deputies for the next legislature will be formally installed.

PRI Urges Parties To Help Preserve Democracy

PA0109043888 Mexico City EL DIA in Spanish 29 Aug 88 p 7

[PRI political declaration read by Manuel Camacho Solis, general secretary of the National Executive Committee, at PRI headquarters in Mexico City on 28 August]

[Text] The National Executive Committee, at the request of the PRI National Political Coordinating Commission, has asked me to read this political declaration to you.

The PRI is a political organization that has ensured the peaceful transfer of power for the past 6 decades, thus contributing to the maintenance of constitutional order and guaranteeing freedom for the Mexican people, social rights for the majority, and social transformation. As President Miguel de la Madrid said: We will not allow the destruction of the Mexican revolution's system.

The PRI has made the Mexican revolution's principles and program its doctrine: democracy, nationalism, and social justice. These principles still state the nation's basic consensus and are the foundation for the continued changes demanded by society.

The democratic mandate of 6 July was to strengthen national sovereignty, recover economic growth, improve real salaries, attack poverty at its roots, and peacefully guide the democratic changes of political life. It is based upon this mandate that our victorious candidate for the Presidency of the republic will form his program and his government with the best men and women of the country, to guarantee unity and change.

A part of our political transformation has already taken place: the election results. The people voted wisely, because there is a majority that makes government possible, and there are two important political forces that balance power. This is the people's will. Many of our procedures, rules, and attitudes do not fit in with this new reality. To translate the people's will into institutional reforms, we must create conditions and build new bases. We must do this, however, following one principle: As things are today, there is no difference between the majority party and the opposition parties; we must address each other as equals, openly, and we must respect the institutions of the republic. We may criticize government actions, but we should be democratic in so doing; in other words, we must keep within the rules established in the Constitution.

First, we should discuss how to consolidate the achievements made thus far and then how to seriously establish new goals. It would be a lack of historical vision to attempt to create a political crisis as an apparent means of promoting change when in reality it would nullify the progress made and risk a regression. In a country such as Mexico, no one presently has the right to say the current political situation might ultimately lead, within a few years, to our discussing a return to democracy, when we can consolidate democracy today and make further progress.

The Mexican people must not ruin this opportunity. The PRI is prepared to support the steps that will lead to the constitutional transfer of the executive branch; we are fully assuming our responsibility as a majority, but we want all the political forces in the nation to walk alongside us.

Salinas Not To Attend President's Report

FL3108121688 Mexico City NOTIMEX in Spanish 0349 GMT 31 Aug 88

[Text] Mexico City, 30 Aug (NOTIMEX)—PRI presidential candidate Carlos Salinas de Gortari will not

attend the 1 September congressional session in which President Miguel de la Madrid will give his sixth and last government report.

This was reported in a brief statement issued today by the PRI. Even though the PRI deputies-elect invited Salinas de Gortari to attend the presidential report, he will not be present, says the announcement. The PRI presidential candidate intends to strictly observe the utmost respect toward all the legal steps of the electoral process, says the press release. However, the statement says, Salinas de Gortari will attentively follow the presidential message through media coverage.

Salinas de Gortari today had a friendly meeting with the deputies and senators of the tricolor party who comprise the 54th legislature of the Mexican Congress. The meeting was held at the offices of the PRI and was attended by PRI members, as well as leaders of the working and people's classes and those PRI members elected to the Federal Electoral Commission.

Salinas on Modernization of Energy Industry

PA3008232588 Mexico City EL DIA in Spanish 27 Aug 88 p 3

[Excerpts] Yesterday Mexican President-Elect Carlos Salinas de Gortari promised that his government will guarantee to modernize the energy sector with the unrenounceable principle that the ownership, operation, exploitation, and control of the energy industry belongs exclusively to the nation. He emphasized that "sources of energy are and will continue to be of Mexicans and for Mexicans."

Installing the Energy Commission, which will help establish the general outline and proposals that the PRI will consider for the 1988-94 government plan, the PRI presidential candidate emphasized that support for the energy sector is not the result of an unreasoned idea, nor is it a matter of good intentions.

"It is a need that cannot be deferred, which if not satisfied, will considerably reduce our chances of modernizing and, undoubtedly, reduce the nation's ability to sustain a rate of recovery that will generate the jobs that Mexicans are demanding," the presidential hopeful said.

Having asserted that his government will unhesitatingly guarantee the full implementation of that constitutional mandate, Salinas de Gortari pointed out that the energy sector has held a key position in Mexico's economic transformation and it has been an essential element in our sovereignty. He said: "The Mexican people have waged many of their most important battles around the electricity and oil industries to ensure greater development for the country."

Our sources of energy, Salinas de Gortari said, have made it possible to substantially improve the Mexican people's standard of living and they have generated jobs that will improve communication throughout the country.

"Without our sources of energy, we would not understand today's Mexico. There is no doubt that we have achieved great progress in every area of our economy," he emphasized.

Salinas de Gortari said that today's Mexico has come a long way from the single product country it was only a few decades ago. We now have an industrial groundwork and a diversified economy that will allow us to achieve higher levels of development in the immediate future, Salinas de Gortari stated.

I must admit, Salinas de Gortari said later, that along with the considerable progress we have achieved came problems resulting from the rapid growth of the energy sector, which could not be foreseen. In some cases, energy resources were not exploited in a rational manner. In other cases, because of an intense and hasty exploitation policy, there was disorderly urban growth. [passage omitted]

Salinas de Gortari added that Mexico's development requires sources of energy. "We must seek alternative sources of energy and establish the best balance in the exploitation of our resources," he pointed out. [passage omitted]

Belizean Foreign Minister Meets With Sepulveda

FL3008165688 Mexico City NOTIMEX in Spanish 0602 GMT 30 Aug 88

[Text] Mexico City 29 Aug (NOTIMEX)—Today Bernardo Sepulveda Amor, Mexican foreign secretary, and Dean Barrow, his Belizean counterpart, signed a treaty for extradition between the two countries.

The two officials met to review the issues on the bilateral agenda. They also evaluated the fulfillment of the agreements reached during the last visit of President Miguel de la Madrid to Belize during May 1987. They exchanged views about the situation that presently exists in Latin America.

As part of his official visit to our country, Barrow will sign an agreement tomorrow with the Foreign Trade Bank to establish a line of credit of $5 million to buy Mexican products. He will also meet with various officials from both the public and the private sector.

Briefs

'Slow Growth' in Money Supply

On 26 August the Bank of Mexico reported that the nation's money supply continued a 3-month trend of slow growth. It increased 124.7 percent in the July 1987-July

1988 period. Annual growth for the June 1987-June 1988 period was 133.1 percent. A 124.7-percent increase over the 7.976 trillion pesos registered in July 1987 would place the nation's money supply at 17.922 trillion pesos in July 1988. [Summary] [*PA3008152288 Mexico City THE NEWS in English 27 Aug 88 p 1*]

Costa Rica

Central Bank Chief Comments on Foreign Debt

PA3108235488 San Jose PRENSA LIBRE in Spanish 22 Aug 88 p 6

[Text] According to Central Bank Executive President Eduardo Lizano, suspending the payment of the foreign debt to private creditor banks is a "relief" from pressure and allows the country to use those resources for other needs, such as releasing the grip on foreign exchange in the Central Bank to import raw materials.

Lizano referred to Costa Rica's cessation of its payments of $200 million in interest on loans from 200 private international banks amounting to $1.5 billion.

Reports indicated that in October 1986, Costa Rica proposed to the international banking sector a 7-year grace period in its debt payment, a 4-percent interest rate, and repayment of principal according to the country's financial abilities.

Until it reaches an agreement with the financial organizations, Costa Rica has committed itself to paying only 30 percent—about $5 million a month—of the actual amount it is required to pay.

A payment agreement still has not been negotiated with the creditor banks. However, the banks' representatives met last week in San Francisco, California, to discuss the terms of a counterproposal presented by the Central American countries.

Both Lizano and Finance Minister Fernando Naranjo feel Costa Rica should not sacrifice its potential for economic development, and that it would best suit the country to pay according to its abilities.

Lizano said suspending payment of the foreign debt would be an advantage in that a greater amount of foreign exchange would be available to relieve any pressure. On the other hand, he admitted it would be a problem to allow the debt to accumulate, because it would have to be negotiated, if not paid, at some point.

A Finance Ministry spokesman recently reported that in addition to the $200 million in unpaid interest, Costa Rica has not made any payments on the principal—the sum total it owes to private international banks.

Costa Rica also owes $900 million to the Paris Club and an additional $1 billion to international organizations such as the IMF and AID, among others.

El Salvador

D'Aubuisson Denounces U.S. 'Yellow Journalism'

PA3108145688 San Salvador LA PRENSA GRAFICA in Spanish 30 Aug 88 p 3

[Text] ARENA [Nationalist Republican Alliance] leader Roberto D'Aubuisson Arrieta stated yesterday that "I will not continue to put up with U.S. yellow journalism. I will continue to defend the democratic process in order to nullify the effect of its slanders." A U.S. newspaper has reported that D'Aubuisson was a death squad member.

D'Aubuisson added: I gave newsman Douglas Farrah an interview and told him that events that consolidate democratization are taking place in El Salvador every day and that these events should be reported by the media. Farrah then went and published a series of lies. I will not respond to the lies he published because I am innocent, and this sort of slander appears every time elections are near. If I continue to be slandered because I defend freedom and shun communism or communitarianism, then let them continue to slander me because people know who I am and that is enough for me.

"I am sick of this U.S. yellow journalism and will not continue to put up with irresponsible actions. To nullify the effects of slander, I will continue to defend the democratization process and will continue to denounce corruption, even if it entails having slanderous reports written about me—reports to which I will not respond. I am sick of yellow journalism," Major Roberto D'Aubuisson said.

ARENA Studying Legal Action

PA3108230088 San Salvador Canal Doce Television in Spanish 0300 GMT 30 Aug 88

[Report by Mauricio Funes on statement by Legislative Assembly President Ricardo Alvarenga Valdivieso "this morning;" place not given]

[Text] Legislative Assembly President Ricardo Alvarenga Valdivieso rejected this morning the links made by THE WASHINGTON POST between ARENA [Nationalist Republican Alliance] leader Roberto D'Aubuisson and the so-called death squads. The ARENA deputy said the legislature will study the possibility of taking legal action against the U.S. journalist who wrote the article.

The statement by the Legislative Assembly president was prompted by a WASHINGTON POST article stating that there had been a recent resurgence of the so-called death squads in El Salvador. According to the article, they are linked to the ARENA party, and one of those responsible is ARENA Deputy Roberto D'Aubuisson. The article gave detailed information of D'Aubuisson's political and professional background. Alvarenga not only rejected the link, but also warned that the Legislative Assembly could initiate legal action against the reporter who wrote the article.

[Begin Alvarenga recording] We have accepted the challenge of a democratic process. We believe that all the controversies and difficulties and all that needs improving will be improved in accordance with the law, the Constitution, especially with good morals and behavior, which is a characteristic of all civilized people. If what he [the WASHINGTON POST reporter] says is true, then I absolutely refute it, and I challenge him to come to the Legislative Assembly and prove it. If he cannot, then it would be up to us as the government's highest organization and with the responsiblity we have as deputies to take legal steps to make him produce the evidence. [end recording]

Alvarenga Valdivieso denied that there are differences within his party on the way ARENA is managed, which was implied in the WASHINGTON POST article. He said the idea of two opposing party leadership factions as well as alleged links with the death squads is the strategy of political adversaries nearing elections.

Meanwhile, Major Roberto D'Aubuisson refused to comment on the WASHINGTON POST article, blaming yellow journalism for the reappearance of these topics.

Col Vargas Says Armed Forces Winning Struggle

PA3108221788 San Salvador TCS Television in Spanish 1215 GMT 30 Aug 88

[Report by Cesar Ballona on statement by Colonel Mauricio Vargas, chief of operations of the Armed Forces staff; date and place not given]

[Excerpts] For the Salvadoran people to realize which of the country's two struggling factions is ahead, it is necessary to evaluate the overall efforts. Vargas said the FMLN has completely lost its military capacity because of the the Armed Forces' professionalism:

[Begin recording] The FMLN has given up trying to seize power militarily. They wanted to do so quickly and tried to do so on 10 January 1981. They continued trying in 1981-84 with military units that were like regular units, trying to seize power quickly by military means. It was not because they did not want power that they failed to seize power: it was because there was a force preventing it, because there was a professional force and a fighting ideal standing against an ideological enemy and Marxist-Leninist aggression. Here they gave up the idea of seizing power militarily and changed from the quick way to a prolonged peoples war. What is a prolonged peoples war? It is an all-encompassing war. The quick way is the military war, which they lost in 1983 and early 1984. [end recording]

The people have slowly and steadily become aware and do not believe in villains or reformers; instead they believe in those who offer solutions to current problems, added Vargas. Political forces should use democracy, not abuse it. The people cannot believe in a merger with democracy if there is a merger with death and destruction at the same time. [passage omitted]

On another topic, the chief of operations of the Armed Forces staff said that there are no paramilitary organizations within the Armed Forces or the security corps, clearly referring to a publication blaming members of the security corps for an attack on two of Colonel Arnoldo Majano's bodyguards. Vargas added: We as a military institution condemn this type of abuse, which violates human rights.

Guatemala

Cerezo on Possible Dialogue With Rebels

PA3108214088 Panama City ACAN in Spanish 1735 GMT 31 Aug 88

[Report by Andreu Claret]

[Text] Guatemala City, 31 Aug (ACAN-EFE)—Guatemalan President Vinicio Cerezo said in an exclusive statement to ACAN-EFE—in which he commented on his country's present situation and the Central American situation in general—that "the guerrilla groups must prove they want to join the country's political process without weapons."

Cerezo added: "We request the guerrilla commanders to issue a declaration in which they assert their willingness to participate peacefully in our country's political process."

The Guatemalan president also said: "We do not ask for unconditional surrender; however, they cannot ask us to dismantle the state security system either."

The Guatemalan guerrilla organization was organized in the early 1960's and is divided into three armed groups that—according to independent sources—comprise 2,000 men who are mainly located in the country's western and northern sectors.

Vinicio Cerezo asserted his conviction that "a dialogue is possible," but he reasserted that the government does not want to talk with "a group in armed rebellion."

He said: "This would involve granting them an importance they do not have, and we would fall into a trap."

The Guatemalan president emphasized: "The guerrilla organization must understand the change that has occurred within the Army."

President Cerezo asserted that the Guatemalan Government is willing to discuss "the guerrilla fighters' return to the country's political life, as a communist, Trotskyist, or radical socialist party," but admitted that "we must be willing to fulfill our pledges."

The Central American president believes the changes that have occurred within the Guatemalan Army, particularly what he called "abandoning the national security policy," make it possible to hold a dialogue.

Cerezo stated: "No refugees who have returned to our country have been attacked," despite their links with some of the guerrilla groups.

The president also said: "The mountain war only serves to justify the right-wing's destabilizing actions," referring to the attacks on his national government's demand for a "national dialogue" that might include the rebel groups.

Communique on Dialogue

PA3108023288 Guatemala City PRENSA LIBRE in Spanish 30 Aug 88 p 13

[Text] The Presidential Public Relations Office has stated in a news release that a dialogue can be held only with groups that respect the people's sovereignty, abide by the laws, and agree to function under the constitutional framework.

The communique adds that talks can be held with groups of all ideological tendencies that act outside the Constitution and the laws and that exercise their rights with weapons but only to promote their integration into the country's life." [as published]

It notes that "establishing a dialogue with them would represent legalizing violence by any group of leftist, rightist, or other leanings and displacing the groups that respect the people's will, which are the majority."

"This would work against the very essence of democracy," the communique adds.

The government of the Republic stresses that "all Guatemalans and all political parties are entitled to join the country's political activities to discuss the nation's problems," the communique notes.

Finally, it says that "a dialogue, through the contribution of ideas, will allow us to reach a consensus and unite around the objective of a firm and lasting peace, which is essential toward strengthening the democratic process."

Chamber Blames Crisis on Finance Ministry

PA3108034588 Guatemala City PRENSA LIBRE in Spanish 29 Aug 88 p 59

[Communique issued by the Chamber of Commerce in Guatemala City; date not given]

[Text] The Finance Ministry is solely responsible for the present anarchy and frustration:

—The anarchy and frustration which the citizens are experiencing because of the economic situation—price increases have reduced purchasing power—has been worsened by the Public Finance Ministry measures, forcing the government of the Republic to make impositions on the citizens;

—The anarchy and frustration citizens feel when the Finance Ministry does not take into account the demands of the various professional and business associations, and taxpayers in general, to correct the chaos prevailing in the entire tax system, a system which makes it impossible for citizens to pay taxes;

—The anarchy and frustration of a population that sees itself impoverished and mercilessly sacrificed when fuel prices are increased and the Public Finance Ministry—fully aware of the impact such tax increases will have on prices—is incapable of recommending a reduction of the high taxes it receives with this policy;

—The anarchy and frustration of knowing that a very low percentage of the huge resources the ministry forcefully takes away from people is allocated to building, equipping, and maintaining schools, hospitals, roads, and the other works which citizens urgently need for their well-being and progress;

—The anarchy and frustration arising from measures adopted during the past year that have gradually decreased confidence—the fundamental basis of the incipient recovery—that was obvious until last year, but has now unfortunately disappeared.

The Guatemalan Chamber of Commerce hereby expresses its solidarity with the Coordinating Committee of Farming, Commercial, Industrial, and Financial Associations and reiterates that:

The only one responsible for the anarchy and frustration is the Public Finance Ministry!

It is the government's responsibility to stop it!

Today and always, with faith in Guatemala.

Honduras

Azcona Interview on Politics, Economy, Contras

PA3108223988 Tegucigalpa Voz de Honduras Network in Spanish 1120 GMT 31 Aug 88

["Exclusive" interview with President Jose Azcona Hoyo by Jose Trino Murillo; date and place not given—live or recorded]

[Excerpts] [Murillo] President Azcona, people have been saying you support Carlos Roberto Reina's candidacy. Most midlevel public employees and ministers say they have your blessing to support Reina. Do you not believe this creates a split between the internal factions of your party?

[Azcona] This is completely false. I am not supporting any candidacy. It just so happens all candidates have people from the government on their ticket. Carlos Flores Facusse has a deputy minister running for alternate deputy in Olancho; Dr Ramon Villeda Bermudez

has the deputy labor minister running for deputy; Carlos Orbin Montoya has the natural resources minister and the government and justice minister running for deputy; Reina also has two or three ministers running. Just because government officials are running for certain posts does not mean the president supports them. I have often said I will not prevent Liberals from exercising their right to be elected to Congress or to the government. I also will not openly support any candidate from the Liberal Party. I will support the Liberal Party candidate once he is chosen. [passage omitted]

[Murillo] It is being said confrontations are adversely affecting your work as president?

[Azcona] [laughs] No, I do not think so, because I am not involved in those confrontations. [passage omitted]

[Murillo] Is President Azcona concerned that Congress has not approved reforms to the decree seeking more revenue for the government to meet its international obligations? Are there political pressures in Congress, or do you think taxes or tax packages should not be imposed?

[Azcona] It is a tax adjustment; we have often said this before. With only 4 months remaining, it would not mean much for the...

[Murillo, interrupting] Does this mean the problem has already been solved?

[Azcona] Practically, yes. The most important thing we must do is adjust taxes. Congress could discuss the lists of taxes. We must emerge from our present impasse. [passage omitted]

[Murillo] You have said we may not be in a period of actual prosperity, but we are not going through a crisis. Do we have a crisis?

[Azcona] Everyone here has said we are experiencing a crisis. I will ask you something. When has there not been a crisis in Honduras? Have we ever had more than enough dollars? Have we ever had more than enough money to go around? There has never been so much money as there is now. How are the people who import goods doing? How are those people flying to the United States doing?

[Murillo] People are protesting because they do not have enough money.

[Azcona] Of course, people are protesting. There is a demand for dollars, which is pressure on the lempira. However, there has never been so much money as there is now. People have the idea we were once an empire and now we have fallen. Thirty years ago, 70 percent of Hondurans were illiterate. Today, 20 or 22 percent of the people are illiterate. [passage omitted]

[Murillo] You do not like to talk about this topic: the contras. However, the foreign minister once said 60 percent of the contras are returning to Honduras. They are becoming refugees, which is a burden for the government. What is the government doing about this?

[Azcona] It is a serious problem. Everyone has contributed to this problem. Nicaragua, with its lack of democracy, has contributed to the problem; Nicaragua's position at the Sapoa talks has contributed to the problem, because they proposed the establishment of enclaves near the border with Honduras. I would say they did so deliberately to make those people settle in Honduras. The border near Bocay was completely garrisoned. Why then did they remove their forces from the area and establish the enclaves bordering Honduras? Are they doing it deliberately so the contras return to Honduras? There is no other explanation. This is what the Sandinist government did at the Sapoa talks. Now, they are saying: The contras are in Honduras; expel them, disarm them, and kill them. It is not a question of doing that.

Nicaraguans have to strengthen the struggle for democracy, and if the Sandinist government does not want to bring democracy to their country, we will suffer the consequences of the lack of democracy in Nicaragua. We are not guilty; we are the victims of the internal situation in Nicaragua. [passage omitted]

Nicaragua

Ortega Addresses Women's Meeting 31 Aug

PA3108181988 Managua Domestic Service in Spanish 1517 GMT 31 Aug 88

[Speech by President Daniel Ortega Saavedra at an unidentified meeting of Central American women; place not given; monitored in progress—live]

[Text] ...When the Central American presidents met in Esquipulas for the first time after all these years of crisis, we discussed regional problems. We had to discuss the situation that for many years has caused increasingly difficult conditions for Central American stability. Economic imbalance generates social tensions, which are expressed in serious political confrontations. It has become urgently necessary, therefore, to work for peace with the understanding that peace is something that goes beyond the cessation of military operations, beyond the cease-fire. Peace is something that is closely linked to the transformation of society in the area. This transformation must establish an economic order that will truly give material, moral, and spiritual opportunities to the large, neglected, underprivileged majorities of the population, that will give them opportunities for existing in the full sense of the word and will offer them a dignified place in society.

In view of the critical economic situation in the countries in the area we must call upon the international community to encourage the kind of economic development that will

enable us to find solutions to our social problems and to create a climate of political stability. In this manner, and based on the will of the Central American peoples and countries, and according to the individual needs and characteristics of each Central American country, we will strengthen peace and therefore democracy.

Undoubtedly, we cannot conceive of peace and democracy outside the reality lived by the Central American peoples, who have been socially, economically, and, therefore, politically neglected.

In this regard, we Central Americans—both the governments and peoples—must do whatever we can to contribute consistently to building a truly peaceful and democratic region.

Despite the political and ideological differences that exist between Central American governments, despite the fact that each country has its own characteristics and that in any event the people in each country must decide their own future, we have managed to reach the understanding known as the Esquipulas agreement.

The Central American governments have managed to reach that understanding, but I believe it is simpler and easier for individuals and groups, Central American women, to organize themselves and to work for peace and democracy.

We are pleased to see that the women of Central America, Belize, Panama, and the region have chosen to meet in Nicaragua. First, because it shows that the women in the region want to participate actively in the transformation process demanded by our countries and peoples. Also, because it shows that the women in the region want to occupy their rightful place in this struggle. They do not want to shirk their responsibility. In other words, the struggle is not being exclusively waged by Central American men. It is being waged by everyone—men and women—in the Central American region.

This gathering in Managua is very important because it also shows the women's determination to work and attain our goals. They will overcome all the obstacles that arise, including obstacles created by countries that have enormous military and economic resources and want to divide the Central American region. I am referring specifically to the United States.

Following its war of independence and the Civil War, the United States formed a union of states to become strong and to attain development. The United States knows the meaning of strength resulting from unity among states, because it has experienced this as part of its history; however, the United States has conspired against anything resembling unity among Latin American nations. That is why the United States conspired against Bolivar's proposal to unite the Latin American and Caribbean nations.

That is why the United States has also conspired against the efforts exerted in recent years by Latin American countries, the Contadora Group and the Support Group—they are also known as the Group of Eight—to unify Latin America and to solve their economic, political, and social problems. That is why the United States is determined to keep the Central American countries divided—because our countries are divided despite the ephemeral unity attained following our independence from Spain.

The United States is a nation that defends a policy for the domination of Latin America and the Caribbean, the Monroe Doctrine, so it wants to keep the Central American states divided. We are weakened by the pressures exerted by the giant of the North—as we call the United States—and we are more likely to get involved in artificially created confrontations that only seek to guarantee the United States's influence and domination in the Central American region.

This does not mean that the Central American governments are engaged in an anti-U.S. campaign. We are not involved in an anti-U.S. campaign. The Nicaraguan Government is not waging an anti-U.S. campaign either.

During the Esquipulas meeting and then at the Guatemala meetings—we had two meetings: one in Esquipulas and another in Guatemala City, which is where we signed the famous Esquipulas plan—the five Central American presidents were aware of the U.S. attitude toward Central America. I heard at the meetings we held in Guatemala—at the two meetings we held in Guatemala as well as at the subsequent meeting we held in Costa Rica, because we had a meeting in February in Costa Rica—that there was concern among all the presidents about the current U.S. Administration's attitude. We are talking about governments that feel very attached and very close to the United States but that have not found their relationships with the United States to be healthy ones, that is, relationships based on respect. Rather, they have found a relationship in which the United States has always tried to decide what each country and each government should do.

During those meetings, President Arias himself pointed out clearly that it was necessary to adopt an independent attitude in view of the U.S. Administration's position. President Duarte also shared this view and even stated that sometimes the United States—because of the economic and military aid it gives to the Salvadoran Government—believes it is entitled to decide everything that should be done in El Salvador in the political and military areas.

Honduran President Azcona told us that the United States has even charged Honduras for the fuel used by the Yankee troops during the military maneuvers, which the United States itself decides to carry out in Honduras—the famous military maneuvers for which the United States has used thousands of U.S. soldiers. At one

point, there was was a crisis in Honduras, because it was left without fuel. The U.S. troops had used it all in their maneuvers. The United States conducts the maneuvers, but they do not pay for the fuel, instead they charge Honduras for it.

President Azcona also told us that he is against the U.S. policy of allowing the counterrevolutionary mercenary forces to settle in Honduras. Azcona told us that he had repeatedly told the U.S. ambassador in Honduras and the envoys sent by President Reagan to take the contras out of Honduras, because they were causing problems for Honduras. Azcona told them that the contra movement would not destroy the Nicaraguan revolution, but that it was posing serious problems for Honduras.

In regard to the efforts made by the Central American people to gain respect, we understand friends that should respect each other. There have been difficulties. The Honduran, Salvadoran, and Costa Rican presidents were concerned. They thought that a strong confrontation with the United States could lead to the withdrawal of U.S. aid from those Central American countries and that there were no other coooperation alternatives. They said that the cooperation offered by the EEC was too limited and that the Latin American countries did not have the spirit of cooperation and collaboration with the Central American countries. [Station announcer interrupts to say that this has been a speech by Nicaraguan President Daniel Ortega and that the station is now returning to the studios and regular programming]

Briefs

Soviet Rice Donation

The Soviet Government and people continue expressing their solidarity with the Nicaraguan Government and people. Today, a donation of 10,500 tons of rice arrived at the port of Corinto from the Soviet Union. The rice will be distributed in the various Nicaraguan regions. [Summary] [*PA3108204488 Managua Radio Sandino in Spanish 1200 GMT 30 Aug 88*]

Panama

Students Protest; Workers Demand Paychecks

PA3108223188 Panama City ACAN in Spanish 2059 GMT 31 Aug 88

[Text] Panama, 31 Aug (ACAN-EFE)—Today Panamanian students and teachers staged their third straight day of strikes and protests in various cities, while government employees and port workers declared an "alert" due to the government's delay in paying their salaries.

The National Federation of Associations of Public Employees (FENASEP) today called on all of its members to participate in a demonstration tomorrow, Thursday, in front of the Legislative Assembly (parliament), to demand their paychecks for the last half of August.

Teachers from various state schools have stopped working until they receive their salaries.

Education Ministry and Port Authority employees have announced they are "on alert" for the same reason.

Due to the economic and political crisis Panama has experienced over the past 14 months, the government has been unable to pay employees' salaries on schedule.

Diplomatic sources and economic analysts believe that due to the crisis, which has been exacerbated by U.S. economic sanctions implemented since the beginning of the year, Panama will only collect half of the $1 billion it expected to receive in 1988.

An Education Ministry spokesman told ACAN-EFE today that teachers all over the country will begin receiving their checks this afternoon (Panamanian tachers usually receive their paychecks on the 13th and 27th of each month).

Workers at the mayor's office in Arraijan, a town 17 km west of the capital, are also staging a work stoppage to demand that the government pay them for the second half of August.

Two high schools were closed this week after student demonstrations degenerated into riots and clashes with Defense Force units. On Monday and Tuesday, the students closed streets near their schools to demand payment of their teachers' salaries.

Likewise, students at the University of Panama and high schools in Colon Province, the second largest city in the country, located on the Caribbean coast, joined the wave of protests by staging street riots.

SOUTHCOM Paper Cited on Harassment Claims

PA3108211588 Panama City LA REPUBLICA in Spanish 30 Aug 88 p 1

[Text] Panama, 29 Aug (PANAPRESS)— The most recent issue of the TROPIC TIMES, a newspaper published by the U.S. Army Southern Command (SOUTHCOM) forces stationed along the Panama Canal, stated on 26 August that the article appearing in THE NEW YORK TIMES [claiming harassment of U.S. citizens by the Panama Defense Forces (FDP)] could be "misleading".

The weekly [as published] TROPIC TIMES is published three times a week— claimed that U.S. SOUTHCOM officials have responded to articles recently published by THE NEW YORK TIMES and other press agencies claiming harassment of U.S. Armed Forces members by FDP members.

The newspaper indicates there is no campaign orchestrated by General Manuel Antonio Noriega, as the articles suggest. It adds that defining the incidents that have occurred as taking place on Gen Noriega's initiative, "as reported in THE NEW YORK TIMES, could be misleading."

The TROPIC TIMES also revealed that the majority of the incidents were not serious, which refutes the exaggerated tone used by THE NEW YORK TIMES in describing the alleged harassment.

U.S. Generals Opposing 'Aggression' Praised

PA3108032788 Panama City Television Service in Spanish 1530 GMT 28 Aug 88

[Commentary from "All for the Fatherland" program of the Panama Defense Forces]

[Text] Military relations between Panama and the United States have been maintained at a positive level thus far. Now, nefarious forces of U.S. policy seek to disrupt them. Nevertheless, they know the reality of our country; in the reports and testimonies they submit to their superiors or to the Senate committees, they convey their experience and their knowledge of the Panamanian situation.

The U.S. military, especially those engaged in missions outside their country, have always been the victims of the politicians of the moment. The political propeller of Washington, where various scandals are investigated daily, always imposes its will, its erratic decisions. This is what happened with General Douglas MacArthur during the war of the Pacific, in the Korean War, and in Vietnam, where offensive limitations were imposed, forcing General William C. Westmoreland to an absurd strategy that precipitated the stampede of 1975. This is what is happening to the Southern Command. Troops and officers are crammed in military bases and barracks. Nervousness, frustration, and promiscuity prevail in the fulfillment of missions that bear no relation to coherent objectives, but rather are of a punitive nature, which in the end negate the strength of the weapons, as occurred in Beirut when 242 Marines died while sleeping in military installations that lacked the most elementary security. Recently, a five-star general, a member of the Joint General Staff, protested: While politicians send us everywhere, without knowing the situation or determining factors of the countries where we are going, we are the ones who return home with our backsides full of buckshot or in a coffin wrapped in the U.S. flag.

The results of its handling of military resources could not be otherwise for the United States: a lack of motivation, low morale, and expectations based more on fantasy and lies than on elements that are necessary for formulating a contingency plan. The U.S. soldier's physiological defenses are at a low ebb. Man is weak and becomes the victim of certain circumstances that make him commit wrongdoings.

Why fight thousands of miles from home, in the Indochina peninsula, fighting natives in tattered clothes, in a totally hostile environment? This was asked by the troops who fell during that period in ambushes or were swept away by the irregular forces such as those of the Viet Cong. The professionalism of the soldier is reduced in proportion to the degree that he is acting as a political instrument of those who—seated in their offices in Washington, surrounded by comforts and bureaucracy—do not know the living and working conditions of thousands of troops, virtual prisoners, who lack the spirit to fight because they do not have definite goals or noble causes to defend.

This is known very well by Generals Wallace Nutting, Paul Gorman, John Galvin, and the current commander of the Southern Command, General Frederick Woerner, who without remaining anonymous has voiced his differences with the policy of aggression that Panama has been suffering since 1986. The imprints of pragmatism, cooperation, and mutual respect left by these professional soldiers are found in Rio Indio, Quebro, Chiriqui, and other parts of the map of the isthmus.

The U.S. citizens who live in Panama know of our cordiality and our good customs. No fallacious report will change this reality. The various uses of disinformation only ridicule those who employ them in a psychological war as prolonged as it is irrational. If they want to justify an armed, direct aggression, they are heading toward a huge failure. To the eyes of the world, the maneuvers of the politicians in Washington are staining the prestige of the U.S. Army, which in two world wars has left its soldiers strewn in the cemeteries of Europe and Asia. The image of Rambo vanishes when the U.S. soldier is forced by the politicians to fight an enemy who is not visible, simply because he does not exist.

Further on Escape of Antiregime Officer

PA3108212988 Panama City Radio Alegre in Spanish 1700 GMT 30 Aug 88

[Text] It was announced in Washington today that a retired Panamanian soldier accused of organizing an urban guerrilla force and planning an invasion of Panama by contras escaped from the hospital where he was being held and traveled to the United States.

Lieutenant Carlos Rodolfo Worrell's eyes and head bore scars from the blows he received over a 9-hour period at the National Department of Investigations in San Felipe where, he said in Washington, officials tried to get him to say he would totally deny everything.

Worrell was arrested on 12 May. A few days later, several newspapers, which have been described as progovernment, published his photograph and that of three other people with an arsenal of weapons under large headlines that read: They Were Planning Urban Guerrilla Violence and an Invasion From Costa Rica With U.S. Support.

After 1 and ½ months in jail, Worrell was transferred to Santo Tomas hospital for treatment of torture-related infections. He escaped from the hospital on the night of 16 August. Worrell had requested political asylum at the U.S. Embassy while at the hospital, but his request was denied. In the end he managed to escape in a boat.

Worrell, 44, who retired from the Army on 17 January 1987 after 26 years of service, denies involvement in any guerrilla plan against the Panamanian Government. The contras in my country, he said, are all Panamanians, and the only paramilitary forces that exist were created by General Manuel Antonio Noriega, commander of the Defense Forces, and they are called the Dignity Brigades. Worrell said his arrest is part of a psychological campaign to intimidate the military and thus prevent a rebellion against Noriega, and also to justify the acquisition of Soviet weapons, which he said are being distributed in various parts of the country.

The retired officer said he has reported everything that is happening in his country to U.S. espionage sectors, including information regarding an alleged plan by Noriega to blow up the Panama Canal in case of an eventual U.S. invasion.

U.K. Parliamentarians Visit Electoral Tribunal

PA3108015288 Panama City LA ESTRELLA DE PANAMA in Spanish 30 Aug 88 p a-1

[Text] Panama City (DPA)—Three members of the British Parliament, from the Conservative and Labor Parties, have visited Panama's Electoral Tribunal to gather details about preparations for the elections to be held 7 May 1989 and to learn about the situation caused by the U.S. economic sanctions.

Tony Banks of the Labor Party described the visit to the court as "very fruitful and useful."

Although Banks said it is difficult to organize elections under current Panamanian economic conditions, he said "it is very important that the world recognize the 1989 elections as free, honest, and valid elections."

He said the elections to be held in the United States and those to be held in Panama next year "are of vital importance for Panama's future."

The British member of Parliament described the U.S. sanctions against Panama as "harsh and criminal" and noted he will ask the EEC to increase economic support for Panama to continue preparations for holding the elections.

He added that "the British Government recognizes Manuel Solis Palma as the Panamanian president and stressed that "U.S. policy in many Central American countries is unacceptable."[quotation marks as published]

Radio Reports Libyan 'Trial' of Reagan

PA3108233188 Panama City Domestic Service in Spanish 1200 GMT 31 Aug 88

[Report by Alvaro Mendendez Franco from Tripoli, Libya—recorded]

[Excerpts] The last witness summoned by the Anti-Imperialist Tribunal of Our America [TANA] appeared before that court yesterday afternoon. The witness answered questions from the prosecuting and defense attorneys during the trial of U.S. President Ronald Wilson Reagan and his administration for the bombing of civilians of the Socialist People's Libyan Arab Jamahiriyah.

All the witnesses explained the circumstances surrounding the attack, which occurred at 0200 on 15 April 1986. They described the property, physical, and mental damage inflicted on them and their relatives. [passage omitted]

After deliberating, TANA announced its decision this afternoon. It condemned U.S. President Ronald Wilson Reagan and the U.S. Government for the 15 April 1986 attacks. [passage omitted]

I took the floor as a guest to protest U.S. maneuvers in Panama, particularly the 17 violations of the military agreements recently reported by the Panamanian foreign minister and Major Daniel Delgado, and the 51 violations of the Torrijos-Carter treaties. I also warned the world that steps have been taken in Panama similar to those taken prior to the bombing of the Libyan cities of Tripoli and Bangazi. [passage omitted].

Argentina

Presidents Alfonsin, Sarney To Meet in November

PY3108230188 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1640 GMT 31 Aug 88

[Text] Buenos Aires, 31 Aug (NA)—Brazilian President Jose Sarney and Argentine President Raul Alfonsin will meet on 15-16 November in a northern Argentine province, within the framework of the permanent consultation mechanism maintained by the two presidents.

The agenda will possibly include the study of a project for a border region protocol, based on the proposals made by the neighboring provinces and states of the two countries.

This information was disclosed today by a source of the Foreign Ministry who said that the two presidents will not only discuss subjects related to integration, but also that they will also assess issues related to Latin American and international problems.

Sarney and Alfonsin will probably discuss the meeting of the "Group of Eight" scheduled for late October in the city of Punta del Este in Uruguay.

President Sarney recently acknowledged the Argentine concern over the trade imbalance. He expressed this during Dante Caputo's visit to Brasilia last Monday 29, and Tuesday 30 August.

This concern resulted in trade agreements which will represent an increase of $20 million in foodstuffs that Argentina already sells to Brazil, and another $25 million in new products.

An extra $50 million was added for industrialized products, and new products that may amount to $100 million was added to agreements currently in force.

It was also agreed to increase the studies on the San Jeronimo/Porto Alegre gas pipeline. The two countries believe that this project will be of great importance for the joint industrial development of the border area.

Authority Crisis Causes Retirement, Dismissal

PY3108161088 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1255 GMT 31 Aug 88

[Text] Buenos Aires, 31 Aug (NA)—Today a high-ranking Army source reported that Colonel Juan Carlos Correa, chief of the Infantry School, and Colonel Arturo Palmieri, director of the Army Training School, had a "clash of authority" which resulted in Palmieri's dismissal and Correa's request to be placed on the retirement list. The source bluntly rejected, however, the possibility that the crisis was caused by matters related to Holy Week and Monte Caseros events.

"Rumors that the crisis was caused by events during the Holy Week and Monte Caseros upheavals are entirely groundless," the source added.

Today Colonel Edgardo Parellada was installed as the new chief of the Infantry School, and General Francisco Cassino—current director general of the Military Institutes—is now also responsible for the Army Training School, which had been headed by Palmieri.

The disagreement, which in military language is referred to as a "clash of authority," was caused by technical and operational matters related to the management of the two schools.

The crisis started yesterday. After Gen Cassino personally attempted to solve the problem, Col Correa notified him of his request to be placed on the retirement list.

Meanwhile, Gen Cassino dismissed Col Palmieri from his responsibilities as director of the Training School until the situation is fully investigated and a definite decision is reached.

After talking with Palmieri and Cassino, Col Correa returned to the Infantry School, gathered student-officers, and told them that he had requested to be placed on the retirement list.

The Infantry School—headquartered at Campo de Mayo—was the focus of the Holy Week rebellion led by Aldo Rico. According to the sources, this is the reason for the rumors that the clash of authority was caused by events that occurred during the rebellion.

Brazil

Argentina's Caputo Reaches Trade Agreement

PY3108235488 Sao Paulo FOLHA DE SAO PAULO in Portuguese 31 Aug 88 p B-12

[Excerpt] Brasilia—After 2 days of negotiations at Itamaraty, Argentine Foreign Minister Dante Caputo, 46, concluded his visit to Brazil yesterday afternoon with an achievement: he managed to increase the trade balance deficit limit from $400 million to $600 million. With this result, Argentina will not have to pay the $50-million difference in favor of Brazil in dollars or in Deutsche marks—as established by the Mutual Credit Agreement signed by Presidents Jose Sarney and Raul Alfonsin—but with imports.

The Argentine foreign minister also obtained the elimination of some import taxes on some products (yet to be defined) and the establishment of minimum export quotas for 250 agricultural products, which will represent an additional amount of up to $125 million in favor of the Argentine trade balance. Caputo said that it is "necessary" to draw up a bilateral treaty to continue with the Argentine-Brazilian trade integration process.

The treaty, which will be drawn up by a special committee, must be valid for a term "longer than the presidential terms of Presidents Alfonsin and Sarney. The treaty must also last beyond the year 2000," Caputo said. Another committee will be created to correct "trade imbalances"—in this case, the Argentine trade deficit of $450 million—of the integration process. [passage omitted]

Nuclear Policy Changed; Nuclebras Closed Down

PY0109030788 Rio de Janeiro Rede Globo Television in Portuguese 2255 GMT 31 Aug 88

[Text] The government has closed down Nuclebras and changed Brazilian nuclear policy. Two new enterprises with private sector participation have been created. Henceforth, control over the nuclear plants will be exercised by Eletrobras [Brazilian Electric Companies, Inc.].

After a thorough study of the Brazilian nuclear program, the government decided to close down Nuclebras. Repeated delays in the construction timetable of nuclear plants has resulted from the fact that the national treasury has run out of resources for Nuclebras. In addition, international credit channels have been closed. When the government recognized that the nuclear program had lost credibility and its continuance would not be economically viable as of next year, it resolved to change it.

To that effect, President Sarney today signed seven decrees, and Military Household Minister General Rubens Bayma Denys and Mines and Energy Minister Aureliano Chaves discussed the reasons behind these changes.

[Begin Denys recording] We have decided to simplify the transfer of technology developed through research to the private sector. [end recording]

The construction and operation of nuclear plants will henceforth be in the hands of Eletrobras. A National Nuclear Policy Council has been created and will be headed by President Sarney. This council will consist of nine ministers and three scientists, and it will formulate policy for the nuclear sector. These changes will not affect the international commitments that have been assumed. The monopoly principle established by the Constitution will continue to be guaranteed. At the technical level, the system central body will be the National Nuclear Energy Commission.

[Begin Chaves recording] In this way, the participation of the private sector in the immediate future will be made possible. With the closing down of Nuclebras and its transformation into Brazilian Nuclear Industries Inc., the Uranium of Brazil Company was created as a subsidiary of the system. The technical directives and the federal government representation in this system are now entrusted to the National Nuclear Energy Commission. [end recording]

President Sarney has just appointed John Milne Albuquerque Forman, a geologist, as president of Brazilian Nuclear Industries Inc., and Jose Goldemberg, a physicist, Jair Carlos Melo, an engineer, and Luiz Renato Caldas, a physician, as members of the National Nuclear Policy Council.

Sarney To Depart for Soviet Union 14 Oct

PY3108040188 Brasilia Domestic Service in Portuguese 2200 GMT 30 Aug 88

[Text] Brazil and the Soviet Union are coordinating details for President Jose Sarney's official visit to that country in October. According to the preliminary program, President Sarney will depart for Moscow on 14 October, with a stopover in France. He will arrive in Moscow on 17 October and will stay there until 19 October. On 20 October, President Sarney will travel to Leningrad.

Sarney's visit to the Soviet Union will end on 21 October, when he will leave for Lisbon, Portugal, where he will stay for 2 days. He will return to Brazil on 23 October.

Runoffs for President, Other Offices Approved

PY3108230888 Rio de Janeiro O GLOBO in Portuguese 31 Aug 88 p 1

[Text] The Constituent Assembly has decided to approve the principle of runoff elections for all executive positions; that is, for president of the Republic, governors, and prefects of cities with over 200,000 voters.

The Constituent Assembly made an exception for next November's municipal elections. The change in the general rule was possible only because Constituent Assembly President Ulysses Guimaraes accepted the request of the leadership of the PFL, the PDT [Democratic Labor Party], the PDS [Social Democratic Party], and the PTB [Brazilian Labor Party] to vote on the amendment establishing elections without a runoff clause. He did so even though the floor rules of the Constituent Assembly did not foresee this situation. The amendment establishing runoff elections won by a 293 to 221 margin, with 4 abstentions. In Rio de Janeiro, Marcello Alencar, PDT candidate for prefecture, said he now fears the formation of an informal front to defeat the supporters of [former Rio de Janeiro Governor Leonel] Brizola in the elections. This was exactly what Artur da Tavola, of the PSDB [Brazilian Social Democratic Party], proposed yesterday.

Monetary Council Banking, Agriculture Actions

PY3108184988 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 31 Aug 88

[Excerpt] The National Monetary Council has authorized the Banco da Amazonia, Banco do Nordeste, and the Sao Paulo State Savings Bank to operate in the open market [preceding two words in English].

In the agricultural area, the Monetary Council has approved the new basic cost values for the 1988-89 crops and the minimum prices for the 1988-1989 summer crops in the southern, southwestern, and midwestern regions. The values were established on the basis of this month's prices, but will be readjusted monthly in accordance with the value of the OTN's [Government Treasury Bonds] throughout the year as the crops are harvested.

The council also approved the modifications made to the Program for Guarantees on Cattle-Raising and Agricultural Activities [Programa de Guarantia de Atividade Agropecuaria—PROAGRO]. These [words indistinct] of the agricultural area had already been approved by the finance minister. [passage omitted]

August Inflation Statistics Reported

PY3108173888 Brasilia Domestic Service in Portuguese 2200 GMT 30 Aug 88

[Text] August inflation stayed within the government's projection. August inflation has been reported as being 20.66 percent, bringing this year's accumulated inflation to 300.72 percent. In the 12 months ending in August, inflation has been 495.49 percent, and in the past 6 months, 191.56 percent.

As of September, passbook savings monthly interest will be corrected by 21.26 percent. The fiscal OTN [Government Treasury Bond]—the value of the OTN today—stands at 2,392.6 cruzados. The URP [Price Reference Unit], which will adjust the September, October, and November salaries, will be 21.4 percent. Rents under annual contract will be readjusted by 495.1 percent, and those under 6-month contracts will be readjusted by 191.57 percent.

According to the IBGE [Brazilian Geographic and Statistics Institute], the items that most influenced the August inflation of 20.66 percent were food, household items, clothing, health care, and personal care.

Measures To Control Mineral Ore Smuggling

PY0109025288 Brasilia Domestic Service in Portuguese 2200 GMT 31 Aug 88

[Text] The Armed Forces will establish military bases in the Amazonia region to prevent smuggling of mineral ores. This announcement was made in Rio de Janeiro by Aeronautics Minister Octavio Moreira Lima.

During a lecture at the Superior War College, Aeronautics Minister Octavio Moreira Lima announced that military bases will be established within the area included in the Calha Norte project, between Para State and the Amapa territory. Thus the Air Force, the Navy, and the Army intend to stop the smuggling of mineral ores out of the country through the use of clandestine landing strips and waterways.

Minister Moreira Lima also announced the preparation of a large project by the Air Force and the Navy. This project will establish an infrastructure of airports and a river ports network which will ensure the effective control over Brazilian borders.

Chile

Merino Announces Plebiscite Candidate

PY3108145488 Santiago Domestic Service in Spanish 2135 GMT 30 Aug 88

[Speech by Government Junta member Admiral Jose Toribio Merino at Plenum Hall of Diego Portales building in Santiago—live]

[Text] Fellow citizens: In keeping with the constitutional provisions that were approved by a plebiscite in 1980, I have the historical honor of releasing the agreement reached by the commanders in chief of the Armed Forces and the Carabineros director, to propose to the country the person to hold the Presidency during the next term.

It is necessary to recall now the circumstances that led us to assume the great responsibility of making this proposal, the scope of which is clearly established by Constitutional Transitory Regulations 27 and 28.

The conclusion of this agreement has been an inescapable obligation for us because of our responsibilities and the institutions we preside over.

We are now clearly aware—as we were on 11 September 1973—that we have the future of the fatherland in our hands. Therefore, we endorse the purity of the choice we have made, before the entire nation and future generations, with our lives, which have been dedicated since childhood to the service of the fatherland. [applause]

We recall the solemn oath of that historical evening of 11 September 1973. As of that day, we have taken upon ourselves the responsibility of leading Chile in the reconstruction of broken institutions. This reconstruction has been based on our moral principles, on the permanent Christian values of our society—which are the very foundations of our national being—and on our historical and cultural traditions, which were seriously jeopardized by the treacherous Marxist-Leninist infiltration process, by terrorist crimes, and by the outrage from the government of the (?Popular Unity), which threatened us with shear anarchy, and which would have totally destroyed the national being.

This disaster, which was the result of the widespread political and democratic inability in our country, plunged us into a chaos of immorality and irresponsible behavior by the Executive Branch. This chaos, in which the courts could not operate and in which the law was totally disregarded, was severely condemned by the Supreme Court, by the Chamber of Deputies, by the

comptroller's office, and by the professional associations. This disaster gave rise to a unanimous, unstoppable public demand by a virile and proud nation, which was the legitimate heir to the moral values for which it was an example in this continent.

Those were the circumstances that compelled us to assume, with considerable sacrifice, the management of the state to prevent its total destruction. [applause]

The task carried out during these past 15 years, full of unpleasant episodes and sacrifices, by those of us in the government and by those governed, has allowed Chile to once again become the most admired nation of the continent since it has reached the highest levels, from the moral and material point of view, to which a nation as small as ours can aspire.

Those of us in government feel the pride of having given everything to the fatherland without demanding anything in return. We are also proud to see that the sacrifice by those in power has promoted the well-being of all Chileans. [applause]

Chile is now different from what it was in 1983. It is an oustanding example to the world, an example of what our blessed people can achieve—these people whom God placed on this bountiful land and who have been led with justice, equality, prudence, and love for the motherland. [applause]

In addition to the economic achievements and the countless projects implemented for the benefit of everyone—projects that stand as undeniable accomplishments—a harmonious, successful set of political regulations was built upon the basis of the Constitution. Throughout the 8 years during which it has been in force, the Constitution has proven to be the correct instrument for complying with the terms of Decree-Law No 1, which created the Government Junta on 11 September 1973.

It is worth taking some time to consider some of the most important factors of (?our policy). Above all, the lessons of the past have been learned. We have learned especially that we must avoid being defenseless against Marxist and Castroist action, as we were with the Constitution that was approved in 1925. The current Constitution is the result of all that we Chileans have experienced. The Constitution of 1980 has taken into account this experience and has provided a solution. We need no one to teach us about lessons in democracy. Consequently, I reject foreign intervention and I call upon all Chileans to reject it. [applause]

No one is qualified to teach us about lessons of (?civility). As I said, our experience qualifies us as teachers in the art of fighting the satanic enemy of the current world. Disregarding the important essence of mankind, this enemy seeks to transform people into robots under merciless and murderous governments.

Gentlemen: Men who have no soul are not human beings. [applause]

The Constitution provides for the creation of a constitutional tribunal made up of judges and jurists with top qualifications. The Constitution also provides for the creation of an electoral court which is made up mainly of Supreme Court justices.

The Constitution also provides for the enforcement of a political party law, which has already been enforced, despite the opposition provoked by the letter and the spirit of this law when it was approved.

Fellow citizens, it is worth recalling that there is an electoral service that is apolitical, with technical means, independent from the executive and legislative branches, and totally coordinated by the electoral court. This gives all those who will participate in the election the most absolute guarantees that the act will be held with the utmost cleanliness. Some people that I do not want to name have also forgotten that the Armed Forces and Carabineros departments' actions are based on the honor of fulfilling their duties. It is true we are poor gentlemen, but we have honor, and this is something very dear that cannot be bought or stained. It is forged with efforts and sacrifices, and this is our dearest treasure. [applause]

We may have made mistakes because we are human. Yet if we made mistakes, we did so in the belief that we were performing to the best of our abilities, and that we were designing a policy that would lead our fatherland to the honorable position it has reached on its 178th year as an independent nation.

We have designated a man to continue with this task. This task must remain faithful to the tenets of the declaration of principles of the Chilean Government, which was approved on 11 March 1974 and which is faithfully reflected by our Constitution. The person whom we have designated has promised to respect these principles in a solemn oath. If he breaks it, may he account for it before God and before the fatherland.

Fellow citizens, the agreement read by the secretary of the board of commanders in chief summarizes the foundations upon which the future of the fatherland will continue to be built.

I have the honor, on behalf of this board, of proposing to the nation that Captain General Augusto Pinochet Ugarte be designated president for the next term. [applause, shouts]

Cardinal Fresno Issues Statement on Candidate

PY3108135988 Santiago Domestic Service in Spanish 1030 GMT 31 Aug 88

[Text] Yesterday Cardinal and Archbishop of Santiago, Msgr Juan Francisco Fresno released a public statement regarding the appointment of President Augusto Pinochet as candidate for the upcoming plebiscite.

The statement calls on the people to become well informed about the plebiscite and to vote according to their beliefs as a civic duty, taking into consideration the well being and future of Chile. Cardinal Fresno's statement says:

I have just been informed that the commanders of the Armed Forces, and the director of Carabineros have proposed General Augusto Pinochet as candidate for the upcoming plebiscite. I would like to reiterate the call to pray to the Lord to enlighten our minds, and to guide our decisions toward common good and peace. To achieve this noble goal it is necessary that the possibilities for the full and responsible participation of the people in the upcoming plebiscite prevail.

It is our duty to prepare ourselves responsibly to exercise our civic rights by respecting others and by searching within our hearts for what is best for the future of Chile. We can do that by voting according to our beliefs.

At this very important moment for Chile, we entrust our country again to the maternal protection to the Holy Virgin of Carmel before whom thousands of Chileans pray upon celebrating the Marian year in Maipu, and to whom we always call to guide our country.

This is the official communique released yesterday by Cardinal Juan Francisco Fresno regarding the appointment of President Pinochet as candidate for the upcoming plebiscite.

Exiled PCCh Member Says Nomination 'Insult'

PY3108164488 Madrid EFE in Spanish 1004 GMT 31 Aug 88

[Text] Moscow, 31 Aug (EFE)—Volodia Teitelboim, PCCh Politburo member who is living in exile in Moscow, told EFE that General Augusto Pinochet's nomination to become Chilean president for the next 8 years, represents an "insult to the nation and an offense to the international public opinion."

Teitelboim, in the name of the PCCh, said that the Chilean people are aware of the fact that the plebiscite, in which the people will vote yes or no for Pinochet to remain in power for 8 more years, "has been a fraud all along."

The Chilean people, said Teitelboim, took to the streets yesterday throughout the entire country. Pinochet marked his nomination by "killing Fredy Palma, an 18-year-old boy, injuring a number of people, and detaining 364 people in Santiago alone, a city that opposed the nomination announcement with riots that lasted for more than 8 hours," Teitelboim noted. The Chilean people responded to the announcement with a "pot banging that shook Santiago," he said.

Teitelboim added that the Chilean people said no to Pinochet along the 4,300 km of Chilean territory, and that all reports available indicate that the people will "resist the fraud."

The PCCh leader said that for 15 years international public opinion has expressed its repudiation of "one of the worst 20th-century dictatorships, which now intends to project itself into the third millenium." However, on 30 August, the nation battled for liberty, he said.

Teitelboim said that the No-vote will win, as all the polls indicate. However, Pinochet will announce a Yes-vote victory and, for this reason, the nation must make the decision expressed at the ballot boxes respected. "We hope the people will do this with all their strength," Teitelboim said.

The PCCh leader has called a news conference for 2 September to discuss "the political situation in Chile vis-a-vis the plebiscite and the fraud."

PCCh sources have said that Luis Corvalan, the top PCCh leader, who is also living in exile in Moscow, is not in Moscow now but in Latin America. The sources, however, declined to specify which country.

Opposition Calls for Peaceful Transition

PY3108222888 Santiago Radio Chilena Network in Spanish 1700 GMT 31 Aug 88

[Text] The 16 political parties united in the Command for the No-Vote signed a document stating their agreement on the basic principles that rule democratic institutions. The document was signed during a solemn ceremony in a Santiago hotel.

The document addresses the issues of popular sovereignty, the democratic state, political systems, the democratic order, and the transition to democracy.

The document says that after the victory of the no-vote in the plebiscite the opposition and the Armed Forces will have to agree on a peaceful and orderly transition to democracy.

The document adds that the historic responsibility of the parties united behind the Command of the No-Vote does not end with this victory because they must ensure the stability of a future democratic regime.

The document says that popular sovereignty is the base of social order and that only the people have the right to decide their destiny, the organization of society, and what is needed for the national well being.

The document stresses that the democratic system is the most appropriate way to organize society because it gives the people the right to govern themselves.

The democratic system recognizes the essential equality of rights and obligations of all Chileans, the greater importance of programs of national interest, and promotes responsibility in the governing of the country, the document stresses.

The document further says that the democratic system promotes, recognizes, and protects human rights, without discriminating for reasons of sex, social condition, or ideas and beliefs.

The document signed by members of the National Command for the No-Vote says one of the most important functions of the state is to actively promote national development and social justice and prevent the formation of elite power groups of any kind whoto threaten democratic institutions.

The document says the Command will promote the formation of professional, dignified, and nonpolitical Armed and Police Forces subordinated to the political powers, as established by the Constitution. These forces will have a perfect understanding of democratic principles and values.

The document stresses that political regimes must ensure regular successions in government through the regular election of authorities by universal vote; the active and organized participation of the people in political life; the responsible public supervision and control of the activities of public officials; and the right of all political sectors to disseminate their proposals, approach to the government and obtain the support of the people to implement their own projects.

This agreement on basic principles of a democratic government says that free and fully-guaranteed elections must be held as soon as possible after the no-vote victory.

The document concludes by saying that the political and institutional succession must examine the following essential principles: Ideological pluralism, without exceptions, must be respected; the designation of all public officials should be done through direct elections; the effective control of the civilian authorities without tutelages must be established; the flexibility of the permanent mechanisms of institutional change, proper of all democratic regimes, should also be established; and the full respect for all human rights should be guaranteed.

Government Issues Declaration on Incidents

PY3108191588 Santiago Domestic Service in Spanish 1700 GMT 31 Aug 88

[Excerpt] And now we will see what is happening at Government House, because we are sure that calm and tranquillity have returned to La Moneda. Graciela Contreras is now there. Chelita, good afternoon. What is happening there now?

[Begin Graciela Contreras recording] Good afternoon. We have some reports and some statements. For example, the government has (?deplored) the death of two people and the serious injuries suffered by fellow countrymen as a result of a carefully planned strategy by the organized groups that promoted street riots yesterday. The government again called on Chileans to act with serenity and responsibility to properly conduct the electoral process.

This statement is part of a declaration released by Interior Minister Sergio Fernandez. The declaration says that no Chilean can be deceived because extremist groups have once again sown death and fear. Those who are responsible for such actions, the declaration says, are clearly identified with the No-vote. The people identified with the No-vote are responsible for the pain caused to many Chilean families who were the target of vandals and aggression.

The declaration calls on the people to reflect on these actions, especially those democratic opposition sectors which have reached accords with the authors of violence. The declaration states that it is essential that the authentical democrats and the opposition rank-and-file be aware of the extreme situation to which their current precarious alliance with Marxism can lead. [passage omitted] [end recording]

Police Official Comments

PY3108184388 Santiago Radio Chilena Network in Spanish 1700 GMT 31 Aug 88

[Text] The government will not file charges against the people arrested during the disorders in Santiago last night, according to General Fernando Paredes, chief of the investigative police.

He added that the arrested people have been put at the disposal of the courts, and that there are common criminals among them. He said that the official information on the disorders last night shows that two people were killed, three were wounded, and some were bruised.

Paredes also said that the disorders were expected because they figured as part of the No-vote sector plans. The plans were quite different from the peace policy of the Yes-vote supporters. He added that the No-vote sectors advocate terrorism and disorder, and that this proves their attitude towards running a country.

He made these comments at the conclusion of a security meeting with police officials held in La Moneda Palace.

President Pinochet is studying various government issues but he is preparing the speech he will deliver on 11 September on the 15th anniversary of the military regime.

Death Toll Reported

PY3108184288 Santiago Radio Chilena Network in Spanish 1700 GMT 31 Aug 88

[Text] In a previous report we stated that 2 people were killed, 21 were injured, 6 have bullet wounds, and 846 have been arrested.

Two of the dead have been identified as Fredy Palma Coronado, 15-years-old, and Sergio Albornoz, 14-years-old; however, according to an unofficial report the number of people killed now stands at three. Antonio Sandoval, 31 years of age, is reportedly the third victim. This is the situation on the casualties according to the latest reports relating to incidents that occurred last night.

847 'Criminals' Arrested

PY0109041188 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 1 Sep 88

[Text] More than 800 people were arrested last night for promoting disorder and destruction in several sectors of Santiago. Metropolitan Region Mayor General Sergio Badiola gave a report on these arrests during a visit to a health unit in Renca District.

[Begin Badiola recording] Eight hundred and forty-seven criminals were arrested on the streets last night: 795 for promoting disorder; 22 for abusing Carabineros; 2 for attacking military quarters; 23 for promoting and damaging property; 1 for destroying a government vehicle; 1 for illegally carrying weapons; and 3 for robbery and assault.

This is a general report on the events of last night. It is clear to me that there are people who wish to be constructive, to work, and to solve problems. On the other hand, there are others who behave violently and desperately because they cannot solve their own problems.

I do not think that taking to the streets to upset people is a solution. The way to solve problems is how the authorities do it: They study a problem and seek a solution for it in keeping with the means they have available. We ask the whole community for their cooperation in this respect. We already do receive this cooperation and we are grateful for it. That is all. [end recording]

Incidents Reported in Valdivia, 30 Arrested

PY0109034988 Madrid EFE in Spanish 0317 GMT 1 Sep 88

[Text] Santiago, 31 Aug (EFE)—At least 11 people were wounded or bruised and 30 were arrested during a number of incidents that took place this afternoon in Valdivia, southern Chile, between supporters and opponents of General Augusto Pinochet's government.

According to information released by the provincial president of the Christian Democratic Youth, Pablo Aguero, the incidents took place at approximately 1800 [2200 GMT] in downtown Valdivia, 835 km south of Santiago.

Members of the two groups clashed until Carabineros intervened with tear gas to disperse the crowd. A total of 30 people from the two groups were arrested.

A young Christian Democratic leader said that one of the wounded people, 25-year-old Marcela Sepulveda, was seriously hurt when he was hit on the head by a tear gas canister.

These incidents in Valdivia were the only ones reported in Chile today, the day after General Augusto Pinochet was nominated sole candidate for the plebiscite. The plebiscite will be held on 5 October and will determine whether Pinochet will continue to govern the country during the 1989-97 period.

Demonstrations, Bombings in 4th Region

PY3108200588 Santiago Domestic Service in Spanish 1700 GMT 31 Aug 88

[Text] Bombs exploded in Ovalle, Coquimbo, and La Serena, in the 4th Region, while thousands of Chileans noisily celebrated the nomination of the plebiscite candidate, Pinochet, who will represent the Yes-vote for the continuation of the work by the government and the consolidation of democracy.

No one was reported injured, but there were power outages in the three cities. In Coquimbo and in Ovalle, the outage lasted almost 30 minutes, while in La Serena it lasted more than 2 hours. In the outskirts of La Serena, the outage lasted until early this morning.

Opposition groups demonstrated in the three cities. In Ovalle, Carabineros had to disperse the demonstrators, while in La Serena the demonstrations were relatively calm. The situation, however, is normal and the people are still celebrating Pinochet's official designation as the candidate for the Yes-vote and the continuation of gigantic efforts.

Labor Leaders Internal Exile Confirmed

PY3108214988 Madrid EFE in Spanish 1350 GMT 31 Aug 88

[Text] Santiago, 31 Aug (EFE)—The Chilean Supreme Court has confirmed that Manuel Bustos, chairman of the Central Labor Union (CUT), has been sentenced to 541 days of internal exile.

The Second Chamber of the National Supreme Court rejected the appeal filed by Bustos' defense lawyer, and by CUT Leader Antonio Martinez' lawyer. The two workers' leaders were internally exiled to towns in the northern and southern regions of Chile.

The lawyers said that, following the court's rejection, they must wait for the case to be returned to the Appellate Court, which had previously acquitted the two leaders. The Appellate Court will then return the case file to the special judge who first heard the case for action.

Once this judge receives the case file, he will invoke the sentence by sending Bustos to Parral, a town 341 km south of Santiago; and Martinez to Chanaral, 948 km north of Santiago.

Bustos and Martinez were found guilty of violent acts that occurred during a demonstration against the military regime which had been organized by them. The two leaders were prosecuted on the orders of Interior Ministry lawyers.

PCCh on Banishment

PY3008043088 Santiago EL MERCURIO in Spanish 20 Aug 88 p C-7

[Text] Yesterday the outlawed PCCh expressed "its firmest and active solidarity" with National Workers Command leaders Manuel Bustos and Arturo Martinez, who were sentenced to 541 days' banishment by the Supreme Court for promoting the national paralyzation of activities.

PCCh spokesmen Mireya Baltra and Carlos Toro said yesterday in a note that the Supreme Court ruling is aimed at preventing the formation of the Central Labor Union [CUT].

The PCCh also condemned the arrest of Christian Democratic Party youth leader Felipe Sandoval, saying it was an attempt to intimidate the youth movement.

The PCCh leaders called on workers to organize the CUT and on the youth to continue "their work to unite Chileans from the grassroots."

The PCCh leaders also expressed their solidarity with opposition labor unions, the Socialist Party - Almeyda faction, the Christian Left [Izquierda Cristiana], the "Socialist Command for the No-Vote," and the United Left.

National Party Convention Said Invalid

PY3008132088 Madrid EFE in Spanish 0323 GMT 30 Aug 88

[Text] Santiago, 29 Aug (EFE)—The Chilean electoral service, a state organization, today said that the recent National Party (PN) convention "is not valid." During its recent convention, the PN, a center-right party, elected new authorities to replace the previous board, which was believed to support the military regime.

Although the electoral service argues that the convention that elected German Riesco as PN president is not valid because the voting was not certified by a notary public, Riesco has stated that this was solely the fault of the electoral service.

Riesco, a former national deputy, has reported that 1 day before the convention, the PN had requested the electoral service to send a notary public. He added that instead of coming on the day of the convention, the notary public appeared the following Saturday; therefore, the PN board called another notary public.

The PN crisis began 2 weeks ago when the majority of the PN political commission ousted former Senator Patricio Phillips from the PN presidency. Phillips was charged with not following the official party line which calls for a "consensus candidate" for the upcoming plebiscite.

The PN political commission elected German Riesco as acting president and (?Pedro Liendo) as president.

Riesco did not accept this decision. He called a party convention during which, in keeping with party statutes, a majority of 161 elected him PN president.

This disagreement within the PN stems from a meeting that Patricio Phillips held with President Augusto Pinochet at Government House 2 months ago. During this meeting, General Pinochet discussed with Phillips the PN's opposition to the military regime.

Bombs Explode at Council Chief's Home

PY3008192588 Santiago Television de Chile Network in Spanish 1800 GMT 30 Aug 88

[Excerpts] Two bombs exploded at the home of Social and Economic Council chairman Bertran Urenda, in Vina del Mar, last night.

The two bombs, which exploded within a few minutes of each other, destroyed the entrance gate and broke many windows, including those of some neighboring houses. At the time of the explosion, Bertran Urenda was returning home, where his wife, daughter, and two granddaughters, were waiting for him. Fortunately no one was injured.

After the explosion, several relatives, friends, neighbors and supporters visited Bretran Urenda's home until very late last night to express their sympathy and solidarity to the family. [passage omitted]

CES [not further identified] counselors and members have publicly rejected the attack on Bertran Urenda's house and expressed their support. Also expressed were the hopes that terrorism does not prevail in the country, as it did in the past.

MIR Claims Responsibility for Robbery

PY3008035988 Santiago EL MERCURIO in Spanish 23 Aug 88 p C-10

[Report from Concepcion by Patricio Gomez Couchot]

[Excerpts] Yesterday morning four armed individuals wearing masks robbed the cashier's office inside the campus of the University of Concepcion. The alleged criminals stole 9,000 pesos and burned the tuition payment documents of 1,800 students at this university [passage omitted]

In a phone call to this newspaper's office yesterday afternoon, an individual who identified himself as a spokesman for the Movement of the Revolutionary Left (MIR) claimed that the Luciano Cruz Brigade of that organization was responsible for the robbery at Concepcion University. [passage omitted]

Colombia

Air Force Plane Crashes; Servicemen Killed

PA0109011688 Bogota Inravision Television Cadena 1 in Spanish 0005 GMT 1 Sep 88

[Text] With sadness we have to report that the Colombian Air Force [FAC] plane that has been missing since early yesterday with eight servicemen aboard has been found in the area between Quetame and Caqueza, on one of the highest mountains of the Oriental mountain range on the Meta Department border.

The plane, a DC-3 with registration No 1650, was on a mission to support Army forces fighting guerrillas in Huila Department.

The plane was found on the Cundinamarca - Meta border, in the area near Anana, at an altitude of approximately 16,000 feet. The FAC plane crashed while it was flying over the Oriental mountain range on its way to Neiva.

Apparently there are no survivors. The occupants of the plane were: Lieutenant Juan Carlos Zapata, 26, married to Captain Sonia Jaimes; his brother, Second Lieutenant Jesus Alberto Zapata, 23; Second Lieutenant Jorge Alejandro Amaya, 23; Technician First Class Hector Miguel Nieto, 34; Technicians Third Class Carlos Arturo Martinez, 29, Jose Miguel Rodriguez, 25, Jose Miguel Forero, 24, and Luis Ernesto Rincon, 24.

Rescue operations are underway. So far there has been no official report on the cause of the accident.

Four Judges Resign; Others Removed From Posts

PA0109034088 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 31 Aug 88

[Excerpt] Four of Bogota's 10 public order judges have resigned or been removed from their posts.

Judge Marta Lucia Gonzalez, who was investigating delicate cases such as the Uraba massacre, Alvaro Gomez' kidnapping, and the assassination of the Sabana de Torres' mayor, resigned because she was threatened. [passage omitted]

Ecuador

'National Economic Emergency Plan' Announced

PA0109005688 Quito Radio Quito in Spanish 0040 GMT 31 Aug 88

[Statement by Abelardo Pachano, president of the Ecuadoran Monetary Board, announcing the "national economic emergency plan" adopted by the Ecuadoran Government; from the Ecuadoran Monetary Board headquarters in Quito—live]

[Excerpts] [Passage omitted] The current inflation rate is the result of the serious fiscal, monetary, and exchange disorder the country has experienced. The current inflation rate is over 56 percent and will continue increasing in the next few months. However, we hope the new emergency plan will fight inflation and lower it to more manageable levels 1 year after the implementation of the measures we are announcing today.

From an institutional point of view, for the first time in its 60-year history the Ecuadoran Central Bank has operational losses, which are the result of a loose loan policy. In 3 years, the Central Bank has granted 19.9 billion sucres in credits, of which 9 billion sucres were granted in the last year. The Central Bank balance may show over 7 billion sucres in operational losses at the end of this year.

From a strictly legal point of view, the legal [words indistinct] existence of the Central Bank [words indistinct], because with the losses at the end of this year we would have lost over 100 percent of the bank's available capital funds. In addition, we have exchange losses—which are a result of the obligations acquired by the Central Bank to protect the country's stability—which exceed 870 billion sucres. That figure graphically and unquestionably shows us the nature of the Central Bank's financial disaster.

I would like to point out that the income distribution and the social consequences of the crisis lead us to conclude that despite the application of a series of economic measures aimed at stabilizing the exchange and monetary situation and reducing the current inflation, the crisis is even more serious now than it was at the beginning of the correction process in [year indistinct], after the recovery between 1984 and the 1st half of 1986.

Based on that serious reality, being aware of it, and in accordance with the laws ruling monetary matters, the Monetary Board today presented to the Ecuadoran Government and President Rodrigo Borja a document to implement an economic emergency plan.

The urgent objectives of that plan are:

1. To recover the state's regulating power so the state can conduct its actions gradually, generally, equitably, and [words indistinct]. Based on that principle and in accordance with the law and the Constitution, the Monetary Board will again be responsible for setting exchange rates and directing the operations of the national financial system.

2. To strengthen the foreign sector through a priority [words indistinct] of the country's small amount of foreign exchange. The foreign exchange will be distributed among those sectors with the highest social and economic priorities.

3. To promote exports by ensuring foreign competitiveness and a regular supply of foreign goods and services.

4. To [words indistinct] the international monetary system and fix an exchange rate within a framework of strict authority both in the [words indistinct] to face and reduce the country's general deficit.

We have [words indistinct] the basic concepts of our fiscal and monetary policies to once and for all [words indistinct] the country's inflation rate.

I am talking [words indistinct] social development that will allow us to [words indistinct] participation [words indistinct].

Obviously, it is our duty and obligation to decide whether the Central Bank's financial balance should play the important role it has always played within the Ecuadoran economy.

We are firmly determined to lower inflation to 30 percent within the next 12 months. We want the country to know we are aware of the difficulties facing us and we want to emphasize the urgent need to tackle this, which is the most serious and painful problem of all Ecuadoreans.

Within the program, the Central Bank and the Monetary Board aim to eradicate a number of illegal and disorderly practices occurring in the exchange rate market; we want to ensure proper use of revenues of the bank of issue in this country.

A summary of specific exchange rate measures approved by the Monetary Board follow:

First, the [words indistinct] exchange rate system introduces a system by which the Central Bank will collect all foreign exchange of the entire private foreign trade. Beginning tomorrow, all export payments, which were previously deposited in private banks, must once again be deposited in Ecuador's Central Bank. This system reinstates a fundamental principle the bank of issue had maintained almost since its founding until exactly 2 years ago.

This foreign exchange collection system is being introduced as part of a new and gradual exchange rate adjustment system, with gradual and planned adjustments to occur each week in an attempt to help (?curb) the inflationary process. To this effect, we asked the president of the Republic to issue an executive decree changing the official exchange rate to 390 sucres per dollar and starting a gradual adjustment system of the Central Bank's controlled [intervencion] market at an annual rate of 30 percent. Thus, there will be a 2.5-sucres change every week in the controlled exchange rate.

Within the controlled market, private foreign trade operations are segmented and separated to ensure the operation of the entire national production apparatus. However, given the very serious crisis of the international monetary reform, we decided to target 10 percent of total private exports to help in the recovery of this important indicator, and the remaining 90 percent of all private exports will exclusively serve to make private sector import payments; payments to news agencies, radio, press, and television; and scholarships of [words indistinct] students who are receiving financial aid from the Ecuadoran Institute of Educational Credit.

To ensure an absolutely clean administration and avoid any kind of dubious practices by unscrupulous people, we established a commission—composed of a representative of the Central Bank general manager, a representative of the Monetary Board's public sector, and a representative of the private sector—that will administer this area of private commercial transactions under the principle that all importers will be able to present requests for foreign currency through their respective production chambers or banking and financial intermediaries of which they are clients, intermediaries that are up to date in their commitments with the Central Bank of Ecuador.

An egalitarian service system is born; within a system ensuring egalitarian participation of all, we will distribute foreign exchange based on permit applications each of those institutions will present. No single institution will be allotted more than 10 percent of total foreign currency collected by the Central Bank and [words indistinct] percent of each import permit.

Thus, we are distributing attention of this shortage problem among the largest possible number of economic agents, businesses, and institutions in the country to prevent hoarding in the use of [words indistinct] mechanisms.

To make use of this mechanism, all you need is to present a certified copy of the import permit granted at least 30 days prior to the date on which this distribution of exchange has been granted. This distribution of exchange will occur every week on Tuesdays and Thursdays in strict chronological order and responding to requests from financial intermediaries and the production sectors.

Thus, from now on, more importers and exporters will know the exchange rates for selling and buying currency. Therefore, to begin the process to restore this financial process at the Central Bank, we have decided to create an exchange stabilization fund that will consist of the 5-percent difference between the official controlled exchange rate and the export rate. Exporters will have to make their contribution to this exchange stabilization fund. The exchange stabilization fund will also consist of the 5-percent difference between the official controlled exchange rate and the weekly rate at which the currency is sold for all importers. This initial 10 percent is the beginning of a restoration and compensation process, because of the exchange losses the Central Bank of Ecuador has had to face on behalf of the country.

We must also report that within this exchange policy with weekly gradual devaluations, we have added a selective mechanism for imports. We have conditioned imports of all kinds of capital goods, machinery, and equipment to the obtaining of financing from international organizations, so the country will receive credits from abroad to finance investments required for development. We have added a prohibition on imports of all kinds of vehicles for the public and the private sector as of now.

We are very much aware that this group of selective import measures that have been taken is not going to cause permanent negative fiscal effects because of the drop in tax collections, nor will it cause shortage problems because of the amount of restrictions on the goods we have mentioned.

Within a policy of complete austerity, we are aware that the mechanism of prior deposits is a transitory measure to be used for the shortest time possible, but because of the very serious [words indistinct] growth problem that surpasses 66 percent a year, the monetary fund has introduced the system of prior deposits to all public sector imports with a value equal to 50 percent of the private sector's. There is the commitment that as soon as we manage to control the monetary exchange and have these within the parameters of the stabilization the country requires, the monetary fund itself will start dismantling the prior deposit system.

We have asked the president to issue a decree to modify the international currency exchange regulations to allow the Central Bank or other entities to carry out unannounced, occasional, random inspections of importers and exporters at the places chosen by the Central Bank to detect false invoicing. This would cover pricing and the quantity and quality of the export and import products, and check the respective penal sanctions in the cases where exchange laws are violated.

Regarding the exchange system presently in effect, the Monetary Board has decided to reduce the time allowed for some export groups to make foreign exchange payments. The objective is to accelerate payments to produce a more rapid solution to the private commerce sector's deficit. This keeps open the possibility of these groups' delivering foreign exchange in advance, if they are able to do so.

We also want to report that the Monetary Board has voided regulations that had allowed banks and other institutions to operate with foreign exchange accounts to compensate for their purchase of foreign debt. The idea is to reduce the kind of undesirable pressure that has negatively affected the free exchange market.

The board has reinstated the legal and constitutional authority that the National Development Council has to issue reports in favor of the country's contracting foreign credits. The measures concerning the exchange system are aimed at producing savings of more than $450 million. This will allow us to reverse the current trend, to have enough foreign exchange in the future to pay international monetary reserve institutions, and to overcome the very grave crisis we are enduring. [passage omitted]

We approved a monetary plan to [words indistinct]. This plan pursues perfectly defined objectives that monetary authorities wish to have achieved by December 1988. Among the most important is adjusting all those monetary variables [words indistinct] enabling the country's economy and GNP to grow 7 percent. The monetary plan also aims to stop the dramatic drop in international monetary reserves that the Monetary Board president pointed out [words indistinct] and cut inflation to manageable rates. [passage omitted]

In an attempt to curb and stop the inflationary problem caused by excessive credit granted to the public sector by the Central Bank, as the Monetary Board president pointed out, the Central Bank of Ecuador will not grant further credits to the public sector for the remainder of the year. This has been a [words indistinct] discussed, studied, and approved by the Monetary Board today. What does this mean? It means we will not [words indistinct].

The new exchange rate system is established within a framework of absolute respect for traditional principles of a free democratic state. [passage omitted]

As our news conference with you is about to end, we want to call for the solidarity of all the country's economic and social sectors. The seriousness of the crisis should make us reflect, because all of us will overcome it with our work and sacrifices. To bring about brighter days for all Ecuadoreans, we must focus our efforts in a single direction.

We are facing a regrettable situation and have assumed our responsibility at the Monetary Board and the Central Bank. We who compose this top economic policy organization want to say we will do everything within our reach and make all efforts to ensure Ecuador will once again find the path of stability and equity—where it was a few years ago, and from which it strayed as a result of international factors and implementation of policies and economic experiments that led us to this regrettable situation. Thank you very much.

MPL Briefly Kidnaps Four Media Employees

PA3108212088 Paris AFP in Spanish 2008 GMT 31 Aug 88

[Text] Quito, 31 Aug (AFP)—Four communications media employees were kidnapped for 4 hours in Quito today by the subversive group Free Homeland Montoneros (MPL). The hostages were taken blindfolded to a safe house and briefed on the kidnappers' proposals, according to the hostages after they were released early this afternoon.

The subversives, who included one woman [words indistinct] adjustment measures adopted by Social Democratic President Rodrigo Borja last night, whom the MPL accuses of continuing the policies of Jaime Roldos (1979-1981), Osvaldo Hurtado (1981-1984), and Leon Febres-Cordero (1984-1988).

They added that they are willing to hold talks with Borja, denied any connection with narcotics trafficking, and warned they will continue struggling for the nonpayment of the foreign debt, the expulsion from the country of foreign oil companies, nationalization of banks, and distribution of land among Indians.

Miguel Ribadeneira, from the newspaper EL COMERCIO; Hernan Jouve, from the newspaper HOY; Jenny Silva, from the radio network Notihoy; and Santiago Piedra, from AFP, said after their release the kidnappers kept their cassettes that recorded the interview and took photographs of them that were then distributed to the press.

At the same time, the MPL, which emerged in 1985, distributed a press note in parliament demanding wage increases, the release of political prisoners, and a trial of those responsible for murders and tortures during Febres-Cordero's administration, when the movement was practically eliminated.

Paraguay

Stroessner Reportedly Undergoes Prostate Surgery

PY0109021588 Buenos Aires DYN in Spanish 0026 GMT 1 Sep 88

[Text] Asuncion, 31 Aug (AFP)—President Alfredo Stroessner may have undergone prostate surgery today, according to information provided to AFP by usually well-informed sources. However, presidential Press Secretary Juan Jose Benitez Rickmann denied this information.

Nevertheless, the presidential press secretary confirmed that the 75-year-old president reported this morning to the Central Hospital of the Social Security Institute (IPS) in Asuncion for a routine checkup.

According to strong rumors circulating among journalist and diplomatic circles, Stroessner underwent prostate surgery at 0800 this morning. The surgery was reportedly performed by a group of professionals headed by the president's personal physician, Dr Graun, who was assisted by a well-known Argentine cardiologist. The name of the cardiologist, who supervised the post-surgery care, was not revealed.

Investigations made by AFP at the hospital confirmed that President Stroessner entered the hospital at 0700, and at noon he was still there. Winesses reported the presence of his daughter and grandson at the hospital.

Military police were discreetly posted at the Burn Institute and separate building in the left wing of the hospital complex [as received—the Burn Institute is located in Aregua, a city near Asuncion].

Uruguay

Government Denies Ferry to Falklands Requested

PY0109022088 Montevideo Radio Carve in Spanish 0000 GMT 1 Sep 88

[Report by Lino Torres from Government House]

[Text] In the past few hours the executive branch released a communique issued by the Foreign Ministry that reads as follows:

In view of reiterated press reports regarding the alleged establishment of a regular ferry service between Montevideo, the Malvinas Islands, and Punta Arenas in Chile, the Uruguayan Foreign Ministry hereby states that no request has been made in this regard, as would be appropriate, to the Merchant Marine of the Transport and Public Works Ministry.